

REMARKETING — NOT NEW ISSUES — BOOK-ENTRY ONLY

On the date of issuance of the 2004 Series A Bonds, Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") delivered its opinions, based upon an analysis of then-existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, that (i) interest on the 2004 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986; and (ii) interest on the 2004 Series A Bonds is exempt from State of California personal income taxes. Bond Counsel observed, however, that interest on the 2004 Series A Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2004 Series A Bonds. On the Remarketing Date, Bond Counsel will deliver its opinion to the effect that the delivery of the GSE Credit and Liquidity Facility with respect to the 2004 Series A Bonds on the Remarketing Date will not, in and of itself, adversely affect any exclusion from gross income for federal income tax purposes of interest on the 2004 Series A Bonds. Bond Counsel is not rendering any opinion on the current tax status of the 2004 Series A Bonds. See "Tax Matters" herein for additional information.

On the date of issuance of the 2006 Series B Bonds, Bond Counsel delivered its opinions, based upon an analysis of then-existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, that (i) interest on the 2006 Series B Bonds is not excludable from gross income for federal income tax purposes; and (ii) interest on the 2006 Series B Bonds is exempt from State of California personal income taxes. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2006 Series B Bonds. See "Tax Matters" herein for additional information.

CALIFORNIA HOUSING FINANCE AGENCY

\$83,880,000

Housing Program Bonds

\$28,000,000 2004 Series A (AMT) (Variable Rate)

\$55,880,000 2006 Series B (Federally Taxable) (Variable Rate)



Remarketing Date: January 13, 2010

Price: 100%

Due: 2004 Series A Term Bonds due August 1, 2036

2006 Series B Term Bonds due August 1, 2036

This cover page contains selected information for quick reference only. It is not a summary of relevant information. Potential investors must read the Reoffering Statement to obtain information essential to making an informed investment decision. Capitalized terms are defined inside.

Interest on the remarketed 2004 Series A Bonds will be payable on February 1, May 1, August 1 and November 1 of each year, commencing February 1, 2010. Interest on the remarketed 2006 Series B Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2010.

From and after the Remarketing Date, the Offered Bonds will initially bear interest at a Weekly Rate, as described under "The Offered Bonds — General" and "— Description of the Offered Bonds." **THIS REOFFERING STATEMENT IS ONLY INTENDED TO DESCRIBE OFFERED BONDS THAT ARE IN A WEEKLY MODE AND COVERED BY THE GSE CREDIT AND LIQUIDITY FACILITY.**

De La Rosa & Co. will act as initial Remarketing Agent with respect to the remarketed Offered Bonds.

The Offered Bonds are in denominations of \$100,000 principal amount or integral multiples of \$5,000 in excess of \$100,000. DTC holds the Offered Bonds in book-entry form. Purchasers will not receive certificates representing their interests in the Offered Bonds. Interest on and principal of the Offered Bonds are payable on behalf of the Agency by U.S. Bank National Association, as Trustee under the Indenture, to DTC, and upon tender under circumstances as described herein, by the Remarketing Agent or the Tender Agent, as the case may be, to DTC. So long as DTC or its nominee remains the registered owner of the Offered Bonds, disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners of the Offered Bonds is the responsibility of DTC Participants and Indirect Participants. See "The Offered Bonds — DTC and Book-Entry."

The Offered Bonds are subject to mandatory tender and redemption prior to maturity. See "The Offered Bonds."

The Offered Bonds are subject to optional and mandatory tender for purchase as described under "The Offered Bonds — Description of the Offered Bonds."

The Offered Bonds are general obligations of the Agency, payable from the Revenues and other assets, if any, pledged therefor under the Indenture, to the extent and in the priority set forth therein (see "Security for the Offered Bonds"), and also payable out of any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys. The Offered Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency. The Agency has no taxing power. Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or the interest on the Offered Bonds.

Principal and interest due on the Offered Bonds is also payable from funds advanced under a GSE Credit and Liquidity Facility (as described herein) issued by Fannie Mae and the Federal Home Loan Mortgage Corporation (each, a "GSE" and collectively, the "GSEs") in favor of the Trustee and the Tender Agent. In addition, Offered Bonds subject to optional or mandatory tender for purchase and not remarketed by the Remarketing Agent (as described herein) will be purchased by the Tender Agent from funds advanced by the GSEs pursuant to the GSE Credit and Liquidity Facility. The GSEs' obligations to make such advances to the Trustee or the Tender Agent upon the proper presentation of documents which conform to the terms and conditions of the GSE Credit and Liquidity Facility are absolute, unconditional and irrevocable. However, each GSE is only obligated for half of the amount of each such advance and the obligations of each GSE under the GSE Credit and Liquidity Facility are several and not joint obligations; if one GSE fails to perform its obligations under the GSE Credit and Liquidity Facility, the other GSE will not be liable or responsible for performing the obligations of such nonperforming GSE. The Agency is not responsible for any failure by the GSEs to advance funds to the Tender Agent for the purchase Offered Bonds tendered at the option of the Holder or subject to mandatory tender for purchase pursuant to the applicable Series Indenture. The GSE Credit and Liquidity Facility will terminate on December 23, 2012, unless earlier terminated. See "The Offered Bonds — GSE Credit and Liquidity Facility."

THE GSEs' OBLIGATIONS WITH RESPECT TO THE OFFERED BONDS ARE SOLELY AS PROVIDED IN THE GSE CREDIT AND LIQUIDITY FACILITY. THE OBLIGATIONS OF THE GSEs UNDER THE GSE CREDIT AND LIQUIDITY FACILITY ARE SEVERAL BUT NOT JOINT OBLIGATIONS OF EACH ENTITY, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE OFFERED BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR OF ANY AGENCY OR INSTRUMENTALITY THEREOF, OR OF THE GSEs. THE OFFERED BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

The Offered Bonds are reoffered subject to certain conditions precedent to the mandatory tender and remarketing thereof. The remarketed Offered Bonds are expected to be available for delivery through DTC in New York, New York on or about January 13, 2010.

De La Rosa & Co., as Remarketing Agent

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No dealer, broker, salesperson or other person has been authorized by the Agency or the Remarketing Agent to give any information or to make any representations, other than those contained in this Reoffering Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Reoffering Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and by other sources that are believed to be reliable. The Remarketing Agent has provided the following sentence for inclusion in this Reoffering Statement. The Remarketing Agent has reviewed the information in this Reoffering Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Reoffering Statement nor any sale made pursuant hereto shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the GSEs since the date hereof.

Neither Fannie Mae nor the Federal Home Loan Mortgage Corporation (“Freddie Mac”) has provided or approved any information in this Reoffering Statement except Fannie Mae, with respect to the description under the caption “Fannie Mae,” and Freddie Mac, with respect to the description under the caption “Freddie Mac,” appearing in Appendix C to Part 1 of this Reoffering Statement, and Fannie Mae and Freddie Mac take no responsibility for any other information contained in this Reoffering Statement, and make no representation as to the contents of this Reoffering Statement (other than as to Fannie Mae, with respect to the description under the caption “Fannie Mae” and other than as to Freddie Mac, with respect to the description under the caption “Freddie Mac”). Without limiting the foregoing, neither Fannie Mae nor Freddie Mac makes any representation as to the suitability of the Offered Bonds for any investor, or compliance with any securities, tax or other laws or regulations. Fannie Mae’s and Freddie Mac’s role with respect to the Offered Bonds is limited to providing the GSE Credit and Liquidity Facility to the Trustee.

Part 1 and Part 2 of this Reoffering Statement, including their respective appendices, are to be read together, and together Part 1 and Part 2, including their respective appendices, constitute this Reoffering Statement.

TABLE OF CONTENTS

PART 1

INTRODUCTION.....	1-1
SECURITY FOR THE OFFERED BONDS	1-4
CERTAIN INVESTOR CONSIDERATIONS	1-6
THE OFFERED BONDS	1-13
INFORMATION CONCERNING SALES OF OFFERED BONDS BY REMARKETING AGENT.....	1-32
TAX MATTERS	1-33
LEGAL MATTERS	1-36
LITIGATION	1-36
LEGALITY FOR INVESTMENT	1-36
RATINGS.....	1-36
MISCELLANEOUS.....	1-37
APPENDIX A—LEGAL OPINIONS	1-A-1
APPENDIX B—CERTAIN DEFINITIONS WITH RESPECT TO THE OFFERED BONDS	1-B-1
APPENDIX C—CERTAIN INFORMATION RELATING TO THE GSES.....	1-C-1

PART 2

INTRODUCTION.....	2-1
THE AGENCY.....	2-1
THE PROGRAM.....	2-7
OTHER PROGRAMS OF THE AGENCY	2-9
SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE	2-10
INDEPENDENT AUDITORS	2-41
STATE PLEDGE	2-41
APPENDIX A—FINANCIAL STATEMENTS OF THE AGENCY FOR THE YEARS ENDED JUNE 30, 2009 AND 2008.....	2-A-1
APPENDIX B—CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA	2-B-1

IN CONNECTION WITH THIS REOFFERING THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OFFERED BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE REMARKETING AGENT MAY REMARKET THE OFFERED BONDS TO CERTAIN DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC REOFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC REOFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE REMARKETING AGENT.

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REOFFERING STATEMENT PART 1
CALIFORNIA HOUSING FINANCE AGENCY
Housing Program Bonds, 2009 Series A

This Reoffering Statement Part 1 (“Part 1”) provides information as of its date (except where otherwise expressly stated) concerning the Agency’s Offered Bonds. It contains only a part of the information to be provided by the Agency in connection with the remarketing of the Offered Bonds. Additional information concerning, among other things, the Agency, certain Loan insurance programs, the Program, and the Agency’s other financing programs is contained in the Reoffering Statement Part 2 (“Part 2”) and is subject in all respects to the information contained herein.

INTRODUCTION	1
SECURITY FOR THE OFFERED BONDS	4
General	4
2004 Series A Bonds	4
2006 Series B Bonds	5
CERTAIN INVESTOR CONSIDERATIONS	6
General	6
Liabilities	7
Assets	11
Certain General Risks	12
THE OFFERED BONDS	13
General	13
Optional Redemption	14
Purchase in Lieu of Redemption	14
Selection of Offered Bonds to be Redeemed	14
Notice of Redemption	14
Description of the Offered Bonds	16
GSE Credit and Liquidity Facility	19
Alternate Liquidity Facility	29
DTC and Book-Entry	29
INFORMATION CONCERNING SALES OF OFFERED BONDS BY REMARKETING AGENT	32
TAX MATTERS	33
2004 Series A Bonds	33
2006 Series B Bonds	35
LEGAL MATTERS	36
LITIGATION	36
LEGALITY FOR INVESTMENT	36
RATINGS	36
MISCELLANEOUS	37
APPENDIX A—LEGAL OPINIONS	1-A-1
APPENDIX B—CERTAIN DEFINITIONS WITH RESPECT TO THE OFFERED BONDS	1-B-1
APPENDIX C—CERTAIN INFORMATION RELATING TO THE GSES	1-C-1

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REOFFERING STATEMENT PART 1
of the
California Housing Finance Agency
relating to
\$83,880,000
Housing Program Bonds
\$28,000,000 2004 Series A (AMT) (Variable Rate)
\$55,880,000 2006 Series B (Federally Taxable) (Variable Rate)

INTRODUCTION

This Reoffering Statement consists of Part 1 and Part 2. The purpose of this Part 1, which includes the cover page to this Reoffering Statement, the cover page to this Part 1, and the appendices to this Part 1, is to provide information concerning the California Housing Finance Agency (the “Agency”), certain programs of the Agency (collectively, the “Program”) and the following series of its Housing Program Bonds (the “Offered Bonds”), together with certain related features:

Bond Series <u>Designation</u>	Initial Principal <u>Amount</u>	Federal Tax Character of <u>Interest</u>	Interest Rate <u>Character</u>	Defined Term Used in this Reoffering <u>Statement</u>
2004 Series A	\$28,000,000	AMT	Variable Weekly Rate	“2004 Series A Bonds”
2006 Series B	\$55,880,000	Taxable	Variable Weekly Rate	“2006 Series B Bonds”

THIS REOFFERING STATEMENT IS ONLY INTENDED TO DESCRIBE OFFERED BONDS THAT ARE IN A WEEKLY MODE AND COVERED BY THE GSE CREDIT AND LIQUIDITY FACILITY (REFERRED TO BELOW).

On November 4, 2004, the Agency issued the 2004 Series A Bonds pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code (the “Act”), a resolution of the Board of Directors of the Agency, an Indenture, dated as of November 1, 2004 (the “General Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”), and the 2004 Series A Indenture, dated as of November 1, 2004, as amended (the “2004 Series A Indenture”), by and between the Agency and the Trustee. On May 2, 2006, the Agency issued the 2006 Series B Bonds pursuant to the Act, a resolution of the Board of Directors of the Agency, the General Indenture, and the 2006 Series B Indenture, dated as of April 1, 2006, as amended (the “2006 Series B Indenture”; the 2004 Series A Indenture and the 2006 Series B Indenture each, an “Offered Bonds Series Indenture”), by and between the Agency and the Trustee. Concurrently with the issuance of the 2006 Series B Bonds, the Agency issued its Housing Program Bonds, 2006 Series A (together with the 2006 Series B Bonds, the “2006 Series A and B Bonds”). All bonds outstanding under the General Indenture (including additional bonds that may hereafter be issued) are herein called “Bonds.” Each series of Bonds is issued pursuant to a Series Indenture. The General Indenture, collectively with all Supplemental Indentures (including Series Indentures), is herein called the “Indenture.” Capitalized terms used in this Reoffering Statement and not otherwise defined have the meanings specified in Part 2 “Summary of Certain Provisions of the General Indenture — Certain Defined

Terms,” and Appendix B — “Certain Definitions with Respect to the Offered Bonds.” All references to times in this Reoffering Statement, unless otherwise indicated, are to New York City time. PURSUANT TO THE RESPECTIVE OFFERED BONDS SERIES INDENTURES, FOR SO LONG AS THE BELOW-DEFINED GSE CREDIT AND LIQUIDITY FACILITY IS IN EFFECT WITH RESPECT TO THE OFFERED BONDS, THE BELOW-DEFINED GSES WILL BE CONSIDERED THE OWNER OF THE OFFERED BONDS FOR PURPOSES OF VOTING OR GIVING CONSENTS UNDER THE INDENTURE.

As of January 1, 2010, the Agency had issued Bonds (consisting of the 2004 Series A Bonds and the 2006 Series A and B Bonds) in an aggregate original principal amount of \$158,200,000, and \$135,425,000 aggregate principal amount of such Bonds were Outstanding as of such date. See Part 2 Appendix B — “Certain Agency Financial Information and Operating Data.”

The Offered Bonds will be remarketed on January 13, 2010 (the “Remarketing Date”), and from and after such date will bear interest as described under “The Offered Bonds,” in accordance with and pursuant to the provisions of the Indenture. From and after the Remarketing Date, the Offered Bonds will bear interest in a Weekly Mode. The Agency may elect to cause Offered Bonds to change to another Mode, to Convert Offered Bonds to Bonds bearing interest at Fixed Interest Rates, or to become Non-Liquidity Remarketed Bonds. In each such case and under other circumstances, the Offered Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the Offered Bonds — Mandatory Tender.” **THIS REOFFERING STATEMENT IS ONLY INTENDED TO DESCRIBE OFFERED BONDS THAT ARE IN A WEEKLY MODE AND COVERED BY THE GSE CREDIT AND LIQUIDITY FACILITY.** While in a Weekly Mode, the Offered Bonds are subject to optional tender by the Bondholders thereof under the circumstances set forth in the Offered Bonds Series Indentures.

There will be a Liquidity Facility provided with respect to each Series of the Offered Bonds, each of which will be a Standby Irrevocable Temporary Credit and Liquidity Facility, dated as of December 23, 2009, issued by Fannie Mae and Federal Home Loan Mortgage Corporation (each, a “GSE” and collectively, the “GSEs”), in favor of U.S. Bank National Association, as tender agent (the “Tender Agent”) and Trustee (collectively, the “GSE Credit and Liquidity Facility”). With respect to each Series of the Offered Bonds, upon presentation by the Trustee of documents required by the GSE Credit and Liquidity Facility, and subject to the terms and conditions thereof, the GSEs will advance funds under the GSE Credit and Liquidity Facility to the Trustee with respect to the payment of (i) the principal amount of such Bonds (other than Bank Bonds) when due by reason of maturity, redemption, acceleration or defeasance; and (ii) up to (a) with respect to the 2004 Series A Bonds, 95 days’ interest thereon and (b) with respect to the 2006 Series B Bonds, 184 days’ interest thereon, computed at the rate provided in the GSE Credit and Liquidity Facility, in an amount sufficient to pay the interest on such Bonds (other than Bank Bonds) when due. The GSE Credit and Liquidity Facility will also provide for the advancement of funds by the GSEs to the Tender Agent for the purchase of tendered Offered Bonds of a Series that cannot be remarketed as provided in the related Series Indenture. The GSEs’ obligation to make all such advances to the Trustee or the Tender Agent upon the proper presentation of documents which conform to the terms and conditions of the GSE Credit and Liquidity Facility is absolute, unconditional and irrevocable. *However*, each GSE is only

obligated for half of the amount of each such advance and the obligations of each GSE under the GSE Credit and Liquidity Facility are several and not joint obligations; if one GSE fails to perform its obligations under the GSE Credit and Liquidity Facility, the other GSE will not be liable or responsible for performing the obligations of such nonperforming GSE. See “The Offered Bonds — GSE Credit and Liquidity Facility — General.”

Upon the expiration of the GSE Credit and Liquidity Facility, the Offered Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the Offered Bonds — Mandatory Tender.”

The Offered Bonds were issued to provide moneys to enable the Agency to make or purchase eligible mortgage loans. The Mortgage Loans purchased with the proceeds of the 2004 Series A Bonds are referred to herein as the “2004 Series A Mortgage Loans”. The Mortgage Loans purchased with proceeds of the 2006 Series A and B Bonds are referred to herein as the “2006 Series B Mortgage Loans.” The 2004 Series A Mortgage Loans are secured by Mortgages on newly constructed or existing single family homes in California (the “Homes”), originated by qualified lenders (the “Lenders”) and serviced by the Lenders or the Agency. Such Mortgage Loans are second-lien mortgage loans providing downpayment assistance under the Agency’s CalHFA Housing Assistance Program (the “CHAP Program”) and High Cost Area Home Purchase Assistance Program (the “Hi-CAP Program”). The 2006 Series B Mortgage Loans were made for the construction loan financing, lender loan financing, bridge loan financing and permanent financing of certain multifamily rental developments consisting of five or more dwelling units. See “Security for the Offered Bonds,” Part 2 “The Program,” and Part 2 Appendix B — “Certain Agency Financial Information and Operating Data — Status of Mortgage Loan Portfolio.”

WHILE THE 2004 SERIES A MORTGAGE LOANS AND CERTAIN MONEYS AND INVESTMENTS HELD UNDER THE INDENTURE ARE PLEDGED TO PAY THE 2004 SERIES A BONDS, THE AGENCY HAS THE RIGHT UNDER THE INDENTURE TO REALLOCATE THE 2004 SERIES A MORTGAGE LOANS AND SUCH MONEYS AND INVESTMENTS TO OTHER SERIES OF BONDS AT ANY TIME IN ITS SOLE DISCRETION, WHEREUPON THE 2004 SERIES A MORTGAGE LOANS AND SUCH MONEYS AND INVESTMENTS WILL NO LONGER BE PLEDGED TO PAY THE 2004 SERIES A BONDS. POTENTIAL PURCHASERS OF THE 2004 SERIES A BONDS SHOULD THEREFORE RELY SOLELY ON THE AGENCY’S GENERAL OBLIGATION WHEN MAKING THEIR INVESTMENT DECISION.

WHILE THE 2006 SERIES B MORTGAGE LOANS AND CERTAIN MONEYS AND INVESTMENTS HELD UNDER THE INDENTURE ARE PLEDGED TO PAY THE 2006 SERIES B BONDS, THE AGENCY HAS THE RIGHT UNDER THE INDENTURE TO REALLOCATE THE 2006 SERIES B MORTGAGE LOANS AND SUCH MONEYS AND INVESTMENTS TO OTHER SERIES OF BONDS AT ANY TIME IN ITS SOLE DISCRETION, WHEREUPON THE 2006 SERIES B MORTGAGE LOANS AND SUCH MONEYS AND INVESTMENTS WILL NO LONGER BE PLEDGED TO PAY THE 2006 SERIES B BONDS. POTENTIAL PURCHASERS OF THE 2006 SERIES B BONDS SHOULD THEREFORE RELY SOLELY ON THE AGENCY’S GENERAL OBLIGATION WHEN MAKING THEIR INVESTMENT DECISION.

Descriptions of the Agency, the security for the Bonds, the Offered Bonds, the Program, and the Indenture are included in this Reoffering Statement. All summaries or descriptions in this Reoffering Statement of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries in this Reoffering Statement of the Offered Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements, copies of which are available for inspection at the offices of the Agency or the Remarketing Agent. The agreements of the Agency with the Holders of the Offered Bonds are fully set forth in the Indenture, and this Reoffering Statement is not to be construed as a contract with the purchasers of the Offered Bonds. Any statements made in this Reoffering Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

SECURITY FOR THE OFFERED BONDS

General

The Offered Bonds are general obligations of the Agency, payable out of the Revenues and assets pledged under the Indenture to the extent and in the priority set forth therein, and also payable from any other assets, revenues or moneys of the Agency, subject only to any agreements made or to be made with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys therefor and subject to the Agency's right at any time to apply such other assets, revenues and moneys to any other lawful purpose of the Agency.

The Agency may issue additional bonds under the Indenture under certain circumstances. See Part 2 "Summary of Certain Provisions of the General Indenture."

Upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee has available to it various remedies, including those provided by the Indenture. Such remedies include declaring all Bonds to be immediately due and payable. See Part 2 "Summary of Certain Provisions of the General Indenture — Events of Default and Remedies." Although a failure by the Agency to generally pay its debts (other than the Bonds) when due is an Event of Default under the Indenture, such an Event of Default does *not* give rise to the remedy of declaring all Bonds to be immediately due and payable. See Part 2 "Summary of Certain Provisions of the General Indenture — Events of Default and Remedies."

The Offered Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State or any such political subdivision other than the Agency. The Agency has no taxing power. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Offered Bonds.

2004 Series A Bonds

The payment when due of principal of and interest on the 2004 Series A Bonds is secured by a pledge of and first lien on the following specific revenues and assets of the Agency: (i) all right, title and interest of the Agency in and to the 2004 Series A Revenues and all moneys and securities in all Funds and Accounts related to the 2004 Series A Bonds from time to time held

under the terms of the Indenture (except moneys and securities in the Rebate Account and any Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement, which is to be deposited in the Rebate Account); and (ii) all right, title and interest of the Agency in and to the 2004 Series A Mortgage Loans, the right to make a claim for, collect and receive 2004 Series A Revenues payable to or receivable by the Agency, to bring actions and proceedings under the 2004 Series A Mortgage Loans or for the enforcement thereof, and to do any and all things which the Agency is or may become entitled to do under the 2004 Series A Mortgage Loans; in each case subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

“2004 Series A Revenues” means (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments with respect to the 2004 Series A Mortgage Loans, (b) Investment Revenues with respect to investments credited to any subaccount of any Fund or Account related to the 2004 Series A Bonds, (c) all other payments and receipts received by the Agency with respect to the 2004 Series A Mortgage Loans, and (d) amounts received by the Agency or the Trustee under any 2004 Series A Hedging Instrument, but shall not include (i) Escrow Payments, (ii) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Home, (iii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iv) any commitment, reservation, extension, or application fees charged by the Agency in connection with a Single Family Loan or Mortgage Purchase Agreement, (v) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Single Family Loan or (vi) accrued interest received in connection with the purchase of any Investment Obligations.

2006 Series B Bonds

The payment when due of principal of and interest on the 2006 Series B Bonds is secured by a pledge of and first lien on the following specific revenues and assets of the Agency: (i) all right, title and interest of the Agency in and to the 2006 Series B Revenues and all moneys and securities in all Funds and Accounts related to the 2006 Series A and B Bonds from time to time held under the terms of the Indenture (except moneys and securities in the Rebate Account and any Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement, which is to be deposited in the Rebate Account); and (ii) all right, title and interest of the Agency in and to the 2006 Series B Mortgage Loans, the right to make a claim for, collect and receive 2006 Series B Revenues payable to or receivable by the Agency, to bring actions and proceedings under the 2006 Series B Mortgage Loans or for the enforcement thereof, and to do any and all things which the Agency is or may become entitled to do under the 2006 Series B Mortgage Loans; in each case subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

“2006 Series B Revenues” means (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments with respect to the 2006 Series B Mortgage Loans, (b) Investment Revenues with respect to investments credited to any subaccount of any Fund or Account related to the 2006 Series A and B Bonds, (c) all other payments and receipts received

by the Agency with respect to the 2006 Series B Mortgage Loans, and (d) amounts received by the Agency or the Trustee under any 2006 Series B Hedging Instrument, but shall not include (i) Escrow Payments, (ii) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Home, (iii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iv) any commitment, reservation, extension, or application fees charged by the Agency in connection with a Single Family Loan or Mortgage Purchase Agreement, (v) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Single Family Loan or (vi) accrued interest received in connection with the purchase of any Investment Obligations.

CERTAIN INVESTOR CONSIDERATIONS

This section of this Reoffering Statement describes certain factors and considerations that may affect the security and sources of payment for the Offered Bonds. The following discussion is not meant to present an exhaustive list of the risks associated with the purchase of any Offered Bonds (and other considerations that may be relevant to particular investors) and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors and considerations, along with all other information contained or incorporated by reference in this Reoffering Statement, in evaluating whether to purchase the Offered Bonds.

General

The Offered Bonds are general obligations of the Agency, payable from the Revenues and other assets pledged therefor under the Indenture, and also payable out of any other assets, revenues or moneys of the Agency, subject only to any agreements of the Agency pledging any particular assets, revenues or moneys. The California Housing Finance Fund (the “Housing Finance Fund”) had total fund equity of approximately \$1.75 billion as of June 30, 2009. Of such amount, approximately \$534 million was restricted to various bond programs (including approximately \$7.3 million of negative fund equity relating to the Indenture) and approximately \$448 million was restricted to specific uses under the terms of the State programs pursuant to which such amounts were transferred to the Housing Finance Fund. See generally Part 2 Appendix A — “Financial Statements of the Agency for the Years Ended June 30, 2009 and 2008.”

The Agency’s profitability and equity have declined during fiscal year 2009 and in the following months, and its general obligation credit has been negatively impacted. The Housing Finance Fund experienced an operating loss before transfers of \$146.1 million during fiscal year 2009, its first such net loss on an annual basis. The decrease was mostly due to basis mismatch on variable rate bonds and the charges against income for the market value adjustment of unmatched swaps, early termination of interest rate swaps; the decline of the California real estate market, “gap claim” (single family loan supplemental insurance) payments and anticipated losses of the loan portfolio. The continued rise in loan delinquencies, increases in foreclosures and additional home price depreciation in California have contributed directly to the increases in allowance for loan losses and insurance reserves. See the Agency’s “Management Discussion and Analysis of Financial Position and Results of Operations as of and for the Fiscal Year Ended

June 2009 and 2008” contained in Appendix A to Part 2 of this Reoffering Statement beginning at page A-3.

On February 27, 2009, S&P changed its outlook on the Agency’s issuer credit (i.e., general obligation) rating (and consequently its outlook on the Bonds) from positive to negative. On October 29, 2009, S&P affirmed its “AA-” issuer credit rating of the Agency (and consequently its rating on the Bonds), and such rating remains on CreditWatch with negative implications. On July 22, 2009, Moody’s downgraded its issuer credit rating of the Agency (and consequently its rating on the Bonds) from “Aa3” to “A1” with “negative outlook.”

Certain risks with respect to the Agency’s general obligation credit are described below.

Liabilities

Uncertainties in Financial Markets

Uncertainties, disruptions or volatility in the financial markets, including but not limited to credit or liquidity provider credit rating downgrades, swap provider credit rating downgrades, defaults under swap agreements, downgrades or defaults under investment agreements, substantial fund flows into or out of the variable rate bonds markets, and other factors, can affect the Agency’s profitability, fund equity and liquidity. Although the Agency, in the course of administering its programs, has established criteria based on the credit ratings of counterparties with whom the Agency may be dealing, such ratings reflect only the views of the respective rating agency, and a high credit rating is not a guarantee of performance by any such counterparty.

Risks Relating to Variable Rate Bonds

General. As of January 1, 2010, approximately \$88.34 million principal amount of the Outstanding Bonds (approximately 65.2% will be variable rate Liquidity Facility Bonds. The balance of the Bonds as of such date will consist of approximately \$47.0 million principal amount of fixed rate bonds, which by their terms were not required to be covered by a liquidity facility. During the month of January 2010, the Agency expects to replace all of the current Liquidity Facilities supporting Liquidity Facility Bonds under the Indenture with the GSE Credit and Liquidity Facility provided by Fannie Mae and Freddie Mac under the Temporary Credit and Liquidity Program sponsored by Fannie Mae, Freddie Mac, the Federal Housing Finance Agency and Treasury as part of the HFA Initiative.

Failure of Remarketings. Liquidity Facility Bonds that are not remarketed upon optional or mandatory tender, including mandatory tender upon expiration of a liquidity facility that has not been renewed or replaced, are purchased by the applicable liquidity provider and become “Bank Bonds.” The Agency has over the past two years experienced failed remarketings with respect to certain Liquidity Facility Bonds, which has caused fluctuations in the amount of Bank Bonds held by the related liquidity providers. Currently, approximately \$28.0 million principal amount of the Outstanding Bonds are Bank Bonds.

Principal Payment Requirements for Bank Bonds. Under the terms of certain types of liquidity facilities, a failure to successfully remarket certain Bank Bonds for a period of time will

trigger “term-out” provisions requiring such Bank Bonds to be redeemed in installments over periods varying from two to ten years, depending on the liquidity facility terms. The GSE Credit and Liquidity Facility has a ten-year term-out period without required installments, but requires all Bank Bonds to have been retired by the end of the tenth year after expiration of the GSE Credit and Liquidity Facility. The redemption of Bank Bonds subject to such term-out provision is a general obligation of the Agency. The Agency has not structured the maturities and Sinking Fund Installments with respect to Liquidity Facility Bonds assuming that such Bonds would become Bank Bonds and be subject to such mandatory redemption.

Rollover Risk with Respect to Liquidity Facilities. The GSE Credit and Liquidity Facility is scheduled to expire December 23, 2012. The Agency may seek to replace the GSE Credit and Liquidity Facility with other Liquidity Facilities prior to such date. When Liquidity Facilities, including the GSE Credit and Liquidity Facility, expire, the Agency may be not be able to replace such facilities, or may only be able to replace them by paying significantly higher periodic liquidity facility fees. In the alternative, if no replacement facility is available, the related Bonds are subject to mandatory tender and the Agency may elect to cause such Bonds to bear interest at an Auction Rate, a Fixed Interest Rate or an Indexed Rate. If one of those alternatives is not implemented, the Liquidity Facility Bonds are purchased by the applicable liquidity provider and become “Bank Bonds,” which, if not successfully remarketed for a period of time, become subject to redemption as described under “Principal Payment Requirements for Bank Bonds.” Bank Bonds generally bear interest at higher rates than variable rate bonds that have been successfully remarketed. Bank Bonds under the GSE Credit and Liquidity Facility will bear interest at a rate not less than the prime rate of JPMorgan Chase Bank, National Association plus 1.0%.

The periodic fee for the GSE Credit and Liquidity Facility increases each year (from 0.70% of the outstanding bond amount in the first year to 1.00% in the second year and 1.20% in the third year), and periodic fees for any available replacement facilities, may also be higher. All such fees alluded to in the preceding sentence are substantially higher than were assumed in the original Cash Flow Statements, which Cash Flow Statements also did not assume Bank Bonds.

Unhedged Variable Rate Bonds. Currently, all of the Outstanding variable rate Bonds remain unhedged. The interest rates on such Bonds may vary substantially, depending on market conditions, the credit quality of credit and liquidity providers and the success of the remarketing agent in remarketing Bonds that are tendered for purchase. The net cost of unhedged variable rate Bonds may be higher or lower than hedged Bonds in any given period. The original cash flows for Series with variable rate Bonds may not have assumed interest rates as high as those actually experienced from time to time.

Risks with Respect to Interest Rate Swaps

The Agency has entered into interest rate swap agreements relating to a portion of its variable rate bonds under other indentures. Payments required to be made by the Agency under such interest rate swap agreements are general obligations of the Agency.

“Basis” Risk. The purpose of the Agency’s swap agreements is to place the aggregate net obligation of the Agency with respect to the portion of the Agency’s housing programs

financed by such bonds on an approximately fixed-rate basis. Generally, the Agency's payments to the counterparty are determined on a fixed rate basis and the counterparty's payments to the Agency are determined on the basis of a variable index designed to match as closely as practicable the variable rates to be paid from time to time by the Agency on the related bonds. For a number of possible reasons, at any time the actual variable rate paid by the Agency on a series of bonds may be higher than the variable index determining the Agency's receipts under the related swap agreement. The risk of such a mismatch is commonly known as "basis risk." The reasons for basis risk include, but are not limited to, general market disruptions, unexpected or unusual changes in the relationship between taxable and tax-exempt rates, and financial problems encountered by the providers of liquidity facilities relating to such bonds (including credit rating downgrades) and other rating actions related to the related indenture bonds.

Net payment obligations to the counterparties by the Agency under all swap agreements to which the Agency is a party (none of which are allocated to the Bonds) are general obligations of the Agency. With respect to all such swap agreements, the net amount of basis mismatch paid to counterparties by the Agency (which is a general obligation of the Agency) was approximately \$10.4 million during 2007, \$31.50 million during 2008, and \$33.9 million during the first nine months of 2009.

Termination Risk. "Termination Risk" is the risk that an interest rate swap is terminated prior to its scheduled amortization under circumstances that require a termination payment be made by one of the counterparties. The Agency's swap agreements provide for a number of termination "events," i.e., circumstances under which the swaps may or must be terminated early. Such events include, for example, a bankruptcy or payment default or a reduction in a counterparty's credit ratings with a failure of such counterparty to post sufficient collateral to offset its credit problem. If a termination is required, then-current market conditions (but not the party or condition that caused the termination) generally determine both the amount of and the counterparty required to make the termination payment. Under historically low interest rate environments such as the current one, swap terminations are more likely to result in a net payment due from the Agency to a counterparty. A swap whose termination would result in a significant net payment due from the Agency to a counterparty is a disincentive to retirement of the associated variable rate bonds. Termination payments, if any, made to the counterparties by the Agency under all swap agreements to which the Agency is a party (none of which are allocated to the Bonds) are a general obligation of the Agency. Had all of such swaps terminated as of October 1, 2009, the amount of such net payments due from the Agency to the associated counterparties would have been approximately \$294.9 million.

As a result of the 2008 bankruptcy filing of Lehman Brothers, all of the Agency's swap agreements with Lehman Brothers were terminated and some were replaced with swaps with other counterparties. The net effect of such terminations and replacements was an operating loss to the Agency of \$13.7 million. In addition, generally accepted accounting principles require the Agency to record the current market value of the unmatched portion or overhedged interest rate swap position as an adjustment to other expenses or other revenues, on the income statement. As of June 30, 2009, the swap expense (net current market value) for these overhedged positions was \$9.4 million, based on an aggregate notional amount unmatched interest rate swap position of \$237.9 million.

Risk of Collateral Posting. Generally the Agency's swap agreements require that the parties to the agreements post collateral to secure their payment obligations under the agreements under certain circumstances. Each party is typically required periodically to post eligible collateral in favor of the other party (the "Secured Party") in the event that the termination payment that would be owed to the Secured Party if the agreement were terminated on the date of measurement exceeds a certain threshold established under the contract. These thresholds, which constitute the maximum uncollateralized exposure of either party to the other party, are scaled to be higher for higher-rated parties and lower for lower-rated parties. Reductions in the Agency's issuer credit rating could result in the Agency being required to post substantial amounts of collateral to the counterparties under its swap agreements, which could impair the liquidity of the Housing Finance Fund. In July 2009, the Agency reduced the aggregate notional amount of its interest rate swap agreements by approximately \$238 million by paying approximately \$39 million to two counterparties to terminate certain swap agreements, and voluntarily posted collateral valued at approximately \$18 million in favor of a third counterparty, in exchange for revising the threshold levels at which the Agency would be required to post collateral under its swap agreements with the three counterparties if the Agency's general obligation credit rating were to be downgraded. The Agency cannot offer any assurances regarding future actions by the Rating Agencies or any collateral posting requirements that might result from such actions.

Risks Relating to the Insurance Fund

The Insurance Fund, a separate statutory fund administered by the Agency, provides mortgage insurance coverage for certain of the single-family mortgage loans held under the Agency's Home Mortgage Revenue Bonds Indenture (the "HMRB Indenture"), but does not provide coverage of any Loans under the Indenture. The HMRB Indenture requires insurance coverage of each loan thereunder equal to 50% of the principal amount thereof. As of September 30, 2009, approximately 41.7% of the mortgage loans held under the HMRB Indenture, with an aggregate outstanding principal balance of approximately \$2.6 billion, are the subject of primary mortgage insurance provided by the Insurance Fund. Genworth Mortgage Insurance ("Genworth") currently reinsures 75% of the primary mortgage insurance coverage provided by the Insurance Fund. On February 13, 2009, Moody's downgraded its rating of Genworth from "A2" to "Baa2." On April 8, 2009, S&P downgraded its rating of Genworth from "A+" to "BBB+," and on December 22, 2009, S&P downgraded such rating to "BBB-" with negative outlook. As of September 30, 2009, the overall delinquency ratio of mortgage loans in the Agency homeownership portfolio with primary mortgage insurance provided by the Insurance Fund was 22.0%, compared to 12% as of December 31, 2008 and 4.90% as of December 31, 2007. The Agency estimates, based on recent recoveries following HMRB Indenture mortgage loan foreclosures and property dispositions, that home property values within the Agency's portfolio may have decreased by 40% or more from their peak in 2007.

The Agency supplements primary mortgage insurance coverage, if any, by providing mortgage insurance from the Insurance Fund so that the combination of all primary mortgage insurance coverage with respect to such HMRB Indenture mortgage loan and such mortgage insurance provided by the Agency through the Insurance Fund ("Supplemental Coverage") provides mortgage insurance coverage with respect to such mortgage loan in an amount at least equal to 50% of the unpaid principal balance of such mortgage loan. The Agency has currently

agreed, subject to certain limitations, to indemnify the Insurance Fund for payments made in respect of such Supplemental Coverage. Such indemnification is payable from certain available funds of the Agency (*i.e.*, moneys in the Housing Finance Fund not otherwise obligated or restricted, but only to the extent made available under an agreement between the Insurance Fund and the Housing Finance Fund, as such agreement may be in effect from time to time). Before 2008, the Agency made virtually no indemnity payments in respect of Supplemental Coverage. The Agency made \$1,094,636 of such payments in 2008 and \$13,640,323 of such payments during the first nine months of 2009. The Agency also extends a line of credit to the Insurance Fund, which is subject to annual review and may be further revised from time to time by the Agency. The Agency may at any time, and from time to time, increase, reduce or otherwise modify or terminate either or both of such commitments. On June 22, 2009 the Agency reduced such line of credit from \$100 million to \$10 million. On July 2, 2009, S&P downgraded its rating of the Insurance Fund from “A+” to “BBB” with negative outlook.

The Insurance Fund had total fund equity of approximately \$12.4 million as of September 30, 2009 (unaudited), approximately \$54.1 million as of December 31, 2008, and approximately \$71 million as of December 31, 2007. The Insurance Fund experienced an operating loss of approximately \$16.9 million in 2008, primarily due to increased reserves for loan losses. In 2007, the Insurance Fund paid total claims of approximately \$172,927, of which \$0 constituted Supplemental Coverage subject to reimbursement by the Agency. In 2008, the Insurance Fund paid claims totaling \$5,179,068 (after receipt of reinsurance payments from Genworth), of which \$1,094,636 constituted Supplemental Coverage payments reimbursable by the Agency. The Insurance Fund has paid claims totaling \$29,762,657 (after receipt of reinsurance payments from Genworth) in the first nine months of 2009, of which \$13,640,323 constituted Supplemental Coverage payments reimbursable by the Agency.

Assets

Uncertainties in Mortgage and Real Estate Markets

The mortgage and residential real estate markets periodically face uncertainties that create risk for market participants, including the Agency. General market uncertainties that exist from time to time include interest rate volatility, changes in tolerance for credit risk, unavailability of certain mortgage products, decline or instability in residential real estate values, concerns about the financial health and market participation of secondary mortgage market participants, changes in legislative requirements relating to mortgage lending disclosure and the exercise of mortgage remedies, the health of various financial institutions, insurance companies and other market participants and the health of the residential construction industry. Many sectors of the California residential real estate market have recently experienced, to varying degrees, increasing mortgage loan delinquency and foreclosure rates and declines in the market value of residences.

The overall delinquency ratio of the Agency’s single family loan portfolio was 7% as of June 30, 2008; such delinquency ratio was 14% as of June 30, 2009; and such delinquency ratio was 16.7% as of September 30, 2009. The Agency recorded \$4.1 million of losses in fiscal year 2009 on the sale of foreclosed properties (net of insurance payment). The remaining foreclosed

properties were written down by \$15.1 million to reflect anticipated losses, net of insurance payment, upon sale of the foreclosed properties.

Risks with Respect to Investment Securities

Funds and accounts under the Indenture are permitted to be invested in Investment Securities. See Part 2 “Summary of Certain Provisions of the Indenture — Investment of Funds.” If the obligor on an Investment Security were to encounter financial problems, payments could be delayed and/or losses could occur.

As of September 30, 2009, all amounts held in funds and accounts under the Indenture, approximately \$3.0 million, were invested in the Surplus Money Investment Fund (“SMIF”), a portion of the California Pooled Money Investment Account (“PMIA”) managed by the Treasurer of the State of California. For more information regarding the investment guidelines governing PMIA, contact the Trustee.

Certain General Risks

Risks Relating to Assumptions and Projections

Certain information in this Statement and in designing and administering its programs is based upon projections and assumptions about, among other things, the level of defaults, foreclosures and losses on loans, the financial health of the providers of insurance on the loans, the interest rates on variable rate bonds, and the effectiveness of the Agency’s hedging strategies with respect to variable rate bonds. In addition, the structuring of each series of bonds and the preparation of cash flows involves the making of similar projections and assumptions. These projections and assumptions are subject to risks and uncertainties, including risks and uncertainties outside the control of the Agency. The accuracy of such projections and assumptions is subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from such projections and assumptions. Differences in actual results from projections may be difficult to recognize in a timely manner for purposes such as the adjustment of requirements relating to loans. Material differences could result in a variety of unpredictable consequences which could adversely affect the ability of the Agency to pay debt service on the bonds.

Uncertainties With Respect to Additional Bonds or New Programs

Additional bonds could be structured in ways that create additional risks. While the Agency indentures require cash flows to be delivered in connection with the issuance of any additional bonds, cash flows are not a guarantee of performance. In addition, the Agency has reserved the right to implement new programs, including new mortgage finance programs, by means of a new indenture, under which could be issued new bonds that are separately secured from bonds issued under existing indentures. Implementing such a new program may result in reduced flexibility to correct any cash flow problems that might materialize under existing indentures. Even without the creation and implementation of such new programs, a similar reduction in flexibility could result if issuances under existing indentures ceased.

Possible Federal or State Legislation Relating to the Rights of Mortgagors

Congress and the State Legislature have enacted and could enact further legislation that adversely affect the timing and amount of the Agency's recoveries from mortgage loans and thereby adversely affect the availability of amounts for the payment of debt service on its bonds. For example, on January 6, 2009, the "Helping Families Save Their Homes in Bankruptcy Act" was introduced in Congress. If enacted in its initial form, the bill would have amended the bankruptcy code to allow judges, in certain circumstances, to modify the terms of existing primary residence mortgage loans by lowering the principal balances of and interest rates on such loans by extending the terms of such loans. While that provision was not enacted, it is possible future legislation might do so. The enacted legislation did require that a foreclosing lender must honor the lease of a bona fide tenant, and must give a longer notice of termination of tenancy than existing state law provides. Also, the State Legislature enacted legislation modifying the procedures for foreclosure and sale under a residential deed of trust, the result of which is to delay the completion of foreclosure proceedings at least one month. The Agency cannot predict whether any further legislation will be enacted or, if it is enacted, what effect it would have on the revenues received by the Agency from mortgage loans. The Agency also cannot predict whether mortgage insurance would cover any losses sustained by the Agency as a result of the passage of any such legislation.

THE OFFERED BONDS

General

Offered Bonds will bear interest from their Remarketing Date at the Effective Rate determined by the Remarketing Agent. The Offered Bonds will mature on the dates and in the amounts set forth on the cover page. The remarketed Offered Bonds will bear interest at a Weekly Rate. **THIS REOFFERING STATEMENT IS ONLY INTENDED TO DESCRIBE OFFERED BONDS THAT ARE IN A WEEKLY MODE AND COVERED BY THE GSE CREDIT AND LIQUIDITY FACILITY.** Interest on the Offered Bonds will be payable on the dates set forth on the cover page. Interest accrued on the Offered Bonds during a Weekly Mode Period will be computed on the basis of a 365-day year or 366-day year, as applicable, for the number of days actually elapsed. The Offered Bonds will be issuable in the denominations set forth on the cover page.

Any Holder of Offered Bonds in a Weekly Mode has the option of tendering such Bonds to the Tender Agent in accordance with the provisions of the Offered Bonds Series Indentures as set forth under "Description of the Offered Bonds" below. Pursuant to the GSE Credit and Liquidity Facility, the GSEs have the obligation to purchase, under certain conditions and from time to time, Offered Bonds in a Weekly Mode tendered or deemed tendered to the Tender Agent, which tendered Offered Bonds are not remarketed on the purchase date. For additional information with respect to the Offered Bonds, see also Appendix B to this Part 1.

No transfer or exchange of any Offered Bond will be required to be made on the Business Day preceding each Interest Payment Date or with respect to an Offered Bond for which notice of its redemption has been given.

The Offered Bonds are being reoffered only as fully registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Offered Bonds. See “The Offered Bonds — DTC and Book-Entry.” U.S. Bank National Association is the Trustee.

Optional Redemption

Prior to their Conversion, the Offered Bonds are subject to redemption, at the option of the Agency, from any available moneys, in whole or in part, on any Effective Rate Date, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption. Optional redemption of the Offered Bonds shall be conditioned upon the Trustee’s receipt of available funds in an amount sufficient to pay the redemption price of such Offered Bonds on or prior to the date fixed for redemption.

Purchase in Lieu of Redemption

Pursuant to the Indenture, the Trustee is to purchase Bonds from moneys available therefor as set forth in the Indenture upon receipt of a written request of the Agency, at a price not to exceed the principal amount thereof (plus accrued interest to the purchase date, if any) applicable on the next ensuing redemption date for such Bonds.

Selection of Offered Bonds to be Redeemed

If less than all of the Offered Bonds of a Series are to be redeemed, the particular Offered Bonds or the respective portions thereof to be redeemed shall be selected by the Agency by written direction to the Trustee or, absent such direction, the Bond Registrar shall select a pro rata amount of Offered Bonds of each tenor and maturity of the applicable Series for redemption and, if less than all Offered Bonds of like tenor and maturity are to be redeemed, the particular Offered Bonds or the respective portions thereof to be redeemed shall be selected by lot in such manner as the Bond Registrar in its discretion may deem fair and appropriate; *provided, however*, that Bank Bonds shall be redeemed prior to the redemption of the remaining Offered Bonds of the same Series.

Notice of Redemption

When any Offered Bonds are to be redeemed, the Bond Registrar shall cause notice of any redemption of Offered Bonds to be mailed by first class mail or such other manner as may be customary for the industry, to the Owner of each Offered Bond to be redeemed at such Owner’s address as it appears in the registration books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Bond Registrar; *provided, however*, that failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any Offered Bond with respect to which no such failure or defect has occurred. Each such notice shall be dated and shall be given in the name of the Agency and shall state the following information:

(a) the complete official name of the Offered Bonds to be redeemed, the identification numbers of Offered Bond certificates and the CUSIP numbers, if any, of the

Offered Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Offered Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Offered Bonds;

(b) any other descriptive information needed to identify accurately the Offered Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such Offered Bonds;

(c) in the case of partial redemption of any Offered Bonds, the respective principal amounts thereof to be redeemed;

(d) the date of mailing of redemption notices, the Record Date and the redemption date;

(e) the Redemption Price;

(f) that on the redemption date the Redemption Price will become due and payable upon each such Offered Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(g) the place where such Offered Bonds are to be surrendered for payment of the Redemption Price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

Notice of redemption having been given as provided in the Indenture, the Offered Bonds or the respective portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Offered Bonds or the respective portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the Agency shall default in the payment of the Redemption Price and accrued interest), such Offered Bonds or the respective portions thereof to be redeemed shall cease to bear or accrue interest, and such Offered Bonds or the respective portions thereof to be redeemed shall no longer be considered as Outstanding under the Indenture. If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee or the Paying Agent moneys sufficient to redeem all the Offered Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the date fixed for redemption and that such notice shall be of no effect unless such moneys are so deposited. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the Agency to the Trustee and the Paying Agent on the redemption date, such Offered Bonds or the respective portions thereof to be redeemed shall continue to bear or accrue interest at the respective rates specified thereon until such moneys are delivered to the Trustee.

In addition to the foregoing, further notice of any redemption of Offered Bonds hereunder shall be given by the Bond Registrar simultaneously with mailed notice to Bondholders, by

registered or certified mail or overnight delivery service to at least two national information services that disseminate notices of redemption of obligations such as the Offered Bonds and to the Municipal Securities Rulemaking Board. Such further notice shall contain the information described above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

Notice of redemption shall be given, not more than sixty (60) days nor less than seven (7) days prior to the redemption date, to Owners of the Offered Bonds, or portions thereof, to be redeemed. A second notice of redemption provided in the same manner as the first notice of redemption, shall be given, not later than ninety (90) days subsequent to the redemption date, to Owners of Offered Bonds, or portions thereof redeemed but who failed to deliver Offered Bond certificates for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Offered Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Owners shall not affect the validity of the proceedings for the redemption of any Offered Bonds. The obligation of the Bond Registrar to give the notice required by the Indenture shall not be conditioned upon the prior payment to the Trustee of moneys or Defeasance Obligations sufficient to pay the Redemption Price of the Offered Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date. The Agency shall give written notice to the Trustee of its election to redeem Offered Bonds which are subject to optional redemption and of the redemption date, which notice shall be given at least ten (10) days prior to the redemption date or at such later date as shall be acceptable to the Bond Registrar.

Description of the Offered Bonds

See Appendix B to this Part 1 for the definitions of certain capitalized terms with respect to the Offered Bonds.

Interest on the Offered Bonds. On the Remarketing Date, the Offered Bonds will bear interest at the Weekly Rate determined in advance by the Remarketing Agent. Thereafter, Offered Bonds will bear interest, commencing on the Effective Rate Date (for Offered Bonds while in the Weekly Mode, each Wednesday), at the Weekly Rate determined by the Remarketing Agent for the new Effective Rate Period (except Bank Bonds, which will bear interest at the Bank Interest Rate). In no event will the interest rate borne by the Offered Bonds exceed the Maximum Rate.

The Weekly Rate will be the lowest rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Offered Bonds on the applicable Effective Rate Date being 100% of the principal amount thereof, and which shall not exceed the Maximum Rate.

The Remarketing Agent, in determining the Effective Rate for any Offered Bonds, shall take into account to the extent applicable (1) market interest rates for comparable securities held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to such Offered Bonds, (b) bearing interest at a variable rate intended to

maintain par value, and (c) rated by a national credit rating agency in the same category as such Offered Bonds; (2) other financial market rates and indices that may have a bearing on the Effective Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the London Interbank Offered Rates, indices maintained by *The Bond Buyer*, and other publicly available tax-exempt or taxable (as applicable) interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and such Offered Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by the Offered Bonds (other than Bank Bonds, which will bear interest at the Bank Interest Rate) will be conclusive and binding on the Holders of such Offered Bonds and the other Notice Parties except as provided in the Indenture. Failure by the Remarketing Agent or the Trustee to give any notice required under the Indenture, or any defect in such notice, shall not affect the interest rate borne by the Offered Bonds or the rights of the Holders thereof.

The Remarketing Agent may resign from its duties as Remarketing Agent with 60 days' prior written notice to the Agency, the Trustee, the Tender Agent and the GSEs, and the Agency may remove the Remarketing Agent upon providing it with 30 days' prior written notice. During the term of the GSE Credit and Liquidity Facility, the Remarketing Agreement requires, as a condition to the effectiveness of any such resignation or removal, provided the GSEs have not failed to perform their obligations under the GSE Credit and Liquidity Facility, that a replacement Remarketing Agent be in place.

If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to act, the 2004 Series A Bonds will automatically bear interest in a Weekly Mode Period with the interest rate reset on a weekly basis at the lesser of (i) the SIFMA Index plus 0.25% or (ii) the Maximum Rate.

If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to act, the 2006 Series B Bonds will automatically bear interest in a Weekly Mode Period with the interest rate reset on a weekly basis at the lesser of (i) Seven Day LIBOR plus 0.25% or (ii) the Maximum Rate.

Optional Tender. Holders of the Offered Bonds in a Weekly Mode may elect to tender their Offered Bonds for purchase by providing written notice to the Remarketing Agent not later than 5:00 P.M. Eastern time on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in such tender notice. Such Offered Bonds will be purchased on the purchase date specified in the tender notice at a price equal to 100% of the principal amount thereof plus accrued interest. Such notice of optional tender for purchase of Offered Bonds by the Holders thereof will be irrevocable once such notice is given to the Remarketing Agent (in which event the Remarketing Agent shall promptly notify the Tender Agent of receipt of such notice).

The Offered Bonds will be subject to mandatory tender for purchase as described below.

Agency Not Responsible For GSEs' Failure to Purchase Liquidity Facility Bonds. Under the terms and provisions of the Remarketing Agreement and the GSE Credit and Liquidity

Facility, the purchase price of Offered Bonds in a Weekly Mode in an amount equal to the principal amount thereof and accrued interest, if any, thereon will be payable from moneys furnished in connection with remarketing of such Bonds or from the GSE Credit and Liquidity Facility. **The Agency is *not* responsible for any failure by the GSEs to advance funds for the purchase of Bonds tendered at the option of the Holder or subject to mandatory tender for purchase pursuant to the Offered Bonds Series Indentures. Failure by the GSEs to advance such funds for the purchase of a Bond tendered at the option of the Holder or subject to mandatory tender for purchase as described herein and in accordance with the Offered Bonds Series Indentures does not constitute an Event of Default under the Indenture.**

In the event of a failure by the GSEs to advance funds for the purchase of any Offered Bonds tendered or deemed tendered for purchase by the Holders thereof, such Bonds will automatically bear interest at the Maximum Rate. The Bondholder will not have the right to tender such Bond during such period and may be required to hold such Bond to its maturity or prior redemption.

Mandatory Tender. The Offered Bonds or a portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each Non-Liquidity Remarketed Bonds Change Date for such Bonds, (ii) on a date not less than 5 Business Days prior to the scheduled expiration or earlier termination (including in connection with the delivery of an Alternate Liquidity Facility as described in the Indenture) of the GSE Credit and Liquidity Facility, (iii) on any Conversion Date for such Bonds, and (iv) on the later of (a) 2 Business Days after receipt by the Trustee of notice from the GSEs stating that an event of default under the below-defined Reimbursement Agreement has occurred and directing that the Offered Bonds be subject to mandatory tender, or (b) the Business Day specified in such notice (each a “Mandatory Tender Date”), at a purchase price equal to 100% of the principal amount thereof plus accrued interest. Upon any such event, the Trustee shall deliver a notice of mandatory tender to Holders at least 15 days (or in the case of a Mandatory Tender Date described in clause (iv) above, the lesser of 15 days or the greatest number of days possible) prior to the date of mandatory tender stating the reason for the mandatory tender, the date of mandatory tender, and that all Holders of Offered Bonds subject to such mandatory tender shall be deemed to have tendered their Offered Bonds upon such date.

Remarketing. On each date on which Offered Bonds are required to be purchased, the Remarketing Agent shall use its best efforts as described herein to sell such Bonds at an Effective Rate that results as nearly as practicable in the price being 100% of the principal amount thereof. In the event the Remarketing Agent is unable to remarket any Offered Bonds in a Weekly Mode so tendered, the GSEs will advance funds for the purchase of such Bonds in accordance with the GSE Credit and Liquidity Facility. See “The Offered Bonds — GSE Credit and Liquidity Facility.”

This paragraph is applicable only if the book-entry system has been discontinued and replacement bonds have been issued or if DTC has exercised its option to surrender and exchange its Offered Bond certificates. Any Offered Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date (“Untendered Bonds”), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal

amount of such Offered Bonds plus accrued interest shall be deemed to have been tendered and purchased on such Mandatory Tender Date. Holders of Untendered Bonds shall not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of such Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and said Holders shall no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds pursuant to the Indenture and, after the issuance of the replacement Offered Bond certificates, such Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Indenture.

Conversion to Fixed Interest Rates. The Offered Bonds Series Indentures provide that the Agency has the option to Convert all or a portion of the Offered Bonds of a Series on any Effective Rate Date to Fixed Interest Rates in accordance with the Indenture. Prior to the Conversion of any of the Offered Bonds, the Trustee must deliver a notice to the Holders thereof specifying the proposed Conversion Date, which Date shall be not less than 15 days following the delivery of such notice. No Fixed Interest Rate shall be established unless, on or before the Conversion Date, a Counsel's Opinion has been delivered to the Trustee to the effect that the Conversion is in accordance with the provisions of and is permitted by the related Series Indenture, is lawful under the Act, and, with respect to 2004 Series A Bonds, will not adversely affect any exclusion of interest on such Converted Bonds from gross income for federal income tax purposes. Unless and until such conditions for Conversion are satisfied, the Offered Bonds shall continue to bear interest at the Effective Rate, subject to the last sentence of this paragraph. Upon any Conversion, the Offered Bonds will be subject to mandatory tender for purchase; provided that, in the event of a failed or cancelled Conversion of any Offered Bonds, such Bonds shall be retained by the Holders thereof and will bear interest in a Weekly Mode Period.

The Agency may elect to cancel such Conversion. If the Agency elects not to proceed with such Conversion, the Agency will give notice to the Notice Parties and the Trustee will give notice to the Holders of the Offered Bonds of such Series of the cancellation of such proposed Conversion one week prior to the proposed Conversion Date. **THIS REOFFERING STATEMENT IS ONLY INTENDED TO DESCRIBE OFFERED BONDS THAT ARE IN A WEEKLY MODE AND COVERED BY THE GSE CREDIT AND LIQUIDITY FACILITY.**

GSE Credit and Liquidity Facility

General

The following is a summary of certain provisions of the GSE Credit and Liquidity Facility and of certain provisions of the Reimbursement Agreement, dated as of December 23, 2009, among the Agency, the Trustee and the GSEs with respect to the 2004 Series A Bonds and the Reimbursement Agreement, dated as of December 23, 2009, among the Agency, the Trustee and the GSEs with respect to the 2006 Series B Bonds (collectively, the "Reimbursement Agreement"). The GSE Credit and Liquidity Facility and the Reimbursement Agreement are referred to herein as the "TCLF Documents."

This summary does not purport to be complete or definitive and reference is made to the TCLF Documents for a complete recital of each of their respective terms. The GSE Credit and Liquidity Facility will be issued pursuant to the Reimbursement Agreement under which the Agency will be obligated, among other things, to reimburse the GSEs, with interest at the applicable rates provided in the Reimbursement Agreement, for each drawing under the GSE Credit and Liquidity Facility. The obligations of each GSE under the GSE Credit and Liquidity Facility will be several and not joint obligations. For the definition of certain capitalized terms used in this summary and not otherwise defined herein or elsewhere in this Reoffering Statement, reference should be made to the TCLF Documents which may be obtained from the Trustee.

Certain Definitions

The following are definitions in summary form of certain terms contained in the TCLF Documents and used herein:

“*Advance*” means a Debt Service Advance, a Liquidity Advance or a Mandatory Tender Advance.

“*Bank Bonds*” means each Offered Bond purchased with the proceeds of a Liquidity Advance or a Mandatory Tender Advance, until remarketed or deemed to be remarketed in accordance with the provisions of the Reimbursement Agreement.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (f) all Guarantees by such Person of Debt of other Persons.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“*Hedge*” means any interest rate swap, interest rate cap, interest rate collar or other arrangement, contractual or otherwise, which has the effect of an interest rate swap, interest rate collar or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt, or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

“*Parity Debt*” means other Debt, including bonds (excluding the Offered Bonds), that is now or hereafter Outstanding under the terms of the Indenture; *provided, that* such Debt is secured on a parity with the Offered Bonds pursuant to the Indenture.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

The GSE Credit and Liquidity Facility

Nature of the GSEs’ Obligations

The GSEs’ obligation to make Advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the GSE Credit and Liquidity Facility is absolute, unconditional and irrevocable, shall be fulfilled strictly in accordance with the GSE Credit and Liquidity Facility, and shall not be affected by any right of set-off, recoupment or counterclaim the GSEs might otherwise have against the Agency, the Trustee, the Tender Agent, the Remarketing Agent or any other person.

The obligations of each GSE under the GSE Credit and Liquidity Facility are primary, several and not joint obligations and shall not be affected by the performance or non-performance by the Agency under the Indenture or the Bonds or by the Agency under the Reimbursement Agreement or by the performance or non-performance of any party under any other agreement between or among any of the Agency, the Trustee or the GSEs. If one GSE fails to perform its obligations under the GSE Credit and Liquidity Facility, the other GSE will not be liable or responsible for performing the obligations of such nonperforming GSE.

Term of the GSE Credit and Liquidity Facility

(a) *Effective Date.* The obligation of the GSEs to make Advances with respect to a Series of Offered Bonds commences at 9:00 a.m. Eastern time on the Remarketing Date, which is also the date specified as the “Effective Date” for such Series of Offered Bonds on Schedule 1 to the GSE Credit and Liquidity Facility (the “*Effective Date*”).

(b) *Expiration Date.* Subject to paragraphs (c) and (d) below, the obligation of the GSEs to make Advances with respect to a Series of Offered Bonds under the GSE Credit and Liquidity Facility shall expire at 4:00 p.m. Eastern time on the date specified as the “Expiration Date” for such Series of Offered Bonds on Schedule 1 to the GSE Credit and Liquidity Facility (the “*Expiration Date*”).

(c) *Termination Before Expiration Date.* Subject to paragraph (d) below, the obligation of the GSEs to make Advances with respect to a Series of Offered Bonds under the GSE Credit and Liquidity Facility shall automatically terminate prior to the Expiration Date related to such Series of Offered Bonds on the first to occur of: (i) the honoring by the GSEs of a Debt Service Advance which automatically and permanently reduces the Principal Portion applicable to that Series of Offered Bonds to zero; (ii) the honoring by the GSEs of a Mandatory Tender Advance made in connection with a

Mandatory Tender which the GSEs have required pursuant to the Reimbursement Agreement following the occurrence of an Event of Default thereunder; (iii) the GSEs' receipt of a certificate in the form attached to the GSE Credit and Liquidity Facility as an Exhibit or such other form as provided therein (a "*Certificate*") which provides that one of the following events has occurred: none of the Bonds of that Series of Offered Bonds are Outstanding under the Indenture or the Trustee has received a liquidity facility for such Series of Offered Bonds as permitted by the Indenture and the Reimbursement Agreement and such liquidity facility has been accepted in substitution for the GSE Credit and Liquidity Facility with respect to such Series of Offered Bonds or (iv) the close of business on the Business Day after the date of conversion by the Agency of the interest rate mode on the entire Series of Offered Bonds to an interest rate mode other than seven day variable rate. The date determined in the preceding sentence is the "*Termination Date*" applicable to that Series of Offered Bonds.

(d) *Business Day Convention.* In the event that any date on which the Expiration Date or the Termination Date would otherwise occur is not a Business Day, such date shall be 4:00 p.m. Eastern time on the next following Business Day.

The term "*Business Day*" is defined in the GSE Credit and Liquidity Facility to mean any day other than:

- (a) a Saturday or a Sunday;
- (b) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close;
- (c) any day on which banking institutions located in the city or cities in which the principal or other designated corporate trust office of the Trustee or the Administrator is located are required or authorized by law or executive order to close;
- (d) prior to the date upon which the interest rate on the Bonds adjusts to a fixed rate mode, a day on which the New York Stock Exchange or the Federal Reserve is closed or on which banking institutions located in the city in which the Remarketing Agent is located are required or authorized by law or executive order to close; or
- (e) any day on which either of the GSEs is closed.

Types of Advances under the GSE Credit and Liquidity Facility

Pursuant to the terms of the GSE Credit and Liquidity Facility, the Trustee is entitled to draw thereunder to pay the unpaid principal of or interest on the Offered Bonds and to purchase Offered Bonds tendered for purchase but unsuccessfully remarketed. Each demand for an Advance shall be made if the Trustee does not have sufficient funds under the Indenture or otherwise to make the payment for which the Advance is required by the Trustee's presentation to the GSEs of a Certificate. The following types of Advances may be made under the GSE Credit and Liquidity Facility:

(a) *Debt Service Advances.* Debt Service Advances may be made pursuant to the GSE Credit and Liquidity Facility to pay (i) principal of any Offered Bond (other than Bank Bonds) due as a result of acceleration, defeasance, redemption, stated maturity and/or (ii) interest on any Offered Bond (other than Bank Bonds) on or prior to their stated maturity date. Such Advances will be deposited in the Credit Facility Fund created in the Indenture.

(b) *Mandatory Tender Advances.* Mandatory Tender Advances may be made pursuant to the GSE Credit and Liquidity Facility to pay the purchase price of, including principal of, plus accrued interest on, any Offered Bond (other than Bank Bonds) due as a result of a Mandatory Tender which Offered Bond is not remarketed by the Remarketing Agent.

(c) *Liquidity Advances.* Liquidity Advances may be made pursuant to the GSE Credit and Liquidity Facility to pay the purchase price of, including principal of, plus accrued interest on, any Offered Bond subject to Optional Tender which Offered Bond is not remarketed by the Remarketing Agent.

Timing of Presentation and Payment under the GSE Credit and Liquidity Facility

Upon due receipt by a GSE of a Certificate completed with respect to a particular Series of Offered Bonds conforming to the terms and conditions of the GSE Credit and Liquidity Facility, such GSE will honor payment of the amounts specified in such Certificate if presented as specified below on or before the earlier of the Expiration Date or the Termination Date:

(a) If a presentation in respect of a Debt Service Advance is made:

(i) at or prior to 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the second following Business Day.

(ii) after 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the third following Business Day.

(b) If a presentation in respect of a Mandatory Tender Advance is made:

(i) at or prior to 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the next following Business Day.

(ii) after 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the second following Business Day.

(c) If a presentation in respect of a Liquidity Advance is made:

(i) at or prior to 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the same Business Day.

(ii) after 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the next following Business Day.

All Advances made under the GSE Credit and Liquidity Facility will be made with the GSEs' own funds in immediately available funds. See "Term of the GSE Credit and Liquidity Facility" above for a description of the term "Business Day" in the GSE Credit and Liquidity Facility.

Amount Available under the GSE Credit and Liquidity Facility

With respect to a Series of Offered Bonds and subject to the terms and conditions of the GSE Credit and Liquidity Facility, the Trustee may draw in an amount which is (i) equal as to the GSEs and (ii) the aggregate of which does not exceed the Amount Available set forth for such Series of Offered Bonds on Schedule 1 to the GSE Credit and Liquidity Facility (as such amount may be reduced or reinstated from time to time in accordance with the terms of the Reimbursement Agreement, the "*Amount Available*"), of which

(a) up to the Principal Portion set forth for such Series of Offered Bonds on Schedule 1 to the GSE Credit and Liquidity Facility (the "*Principal Portion*") may be drawn with respect to the unpaid principal of that Series of Offered Bonds or, as the case may be, the principal portion of the purchase price of that Series of Offered Bonds; and

(b) up to the Interest Portion set forth for such Series of Offered Bonds on Schedule 1 to the GSE Credit and Liquidity Facility (the "*Interest Portion*"), or the number of days interest on the Offered Bonds set forth on Schedule 1 (calculated at an assumed rate per annum on the Offered Bonds as set forth on Schedule 1, using the day count basis set forth in Schedule 1), may be drawn with respect to interest due and owing on the next payment date with respect to that Series of Offered Bonds or, as the case may be, the interest portion of the purchase price of that Series of Offered Bonds.

Reduction and Reinstatement of Amount Available

The Amount Available with respect to a Series of Offered Bonds shall be reduced or reinstated from time to time as described in the paragraphs below:

(a) *Automatic Reduction on Making any Advance.* The Amount Available for a Series of Offered Bonds shall be reduced automatically by the amount of each related Advance paid by a GSE, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with the GSE Credit and Liquidity Facility. Each reduction shall be permanent or subject to reinstatement as described in the paragraphs below. Such reduction shall be applied to the related Principal Portion for the Advance to which the reduction relates by the amount of such Advance and to the related Interest Portion by an amount equal to a proportionate amount of the permanent reduction of the Principal Portion.

In the event one GSE makes an Advance but the other GSE fails to make its related equal Advance, the automatic reduction of the Amount Available shall apply solely to the Amount Available which is obligated to be paid by the GSE which made the required Advance. In the event one GSE makes an Advance in full and the other GSE fails to make a part of its related equal Advance, the automatic reduction of the Amount Available shall apply in full to the Amount Available which is obligated to be paid by the GSE which made the required Advance in full and in part to the Amount Available which is obligated to be paid by the GSE which made the Required Advance in part to the extent of such partial payment.

(b) *Permanent Reduction on Account of Agency Payment.* The Principal Portion and Interest Portion related to a Series of Offered Bonds shall be reduced automatically and permanently upon payment by the Agency of any principal with respect to such Series of Offered Bonds as follows:

(i) the Principal Portion will be reduced by the amount of such payment or, if applicable, the principal component of any redemption or other payment; and

(ii) the Interest Portion will be proportionately reduced based on the amount of the related permanent reduction of the Principal Portion.

(c) *Reduction on Notice from the Trustee.* The Amount Available for a Series of Offered Bonds shall be reduced automatically by the amounts specified in a certificate from the Trustee to the GSEs which provides that the aggregate outstanding principal amount of the Series of Offered Bonds has been reduced. Such reduction shall be applied to the related Principal Portion and the Interest Portion as set out in the certificate.

(d) *Reinstatement of Interest Portion for Debt Service Advance.* Except for a permanent reduction of the Interest Portion under paragraph (b)(ii) or (c), the amount of the Interest Portion reduced by the interest component of a related Debt Service Advance shall be reinstated immediately and automatically upon the making of such Debt Service Advance.

(e) *Reinstatement of Liquidity Advance and Mandatory Tender Advance.* The Principal Portion for a Series of Offered Bonds and the Interest Portion for a Series of Offered Bonds shall be reinstated after each related Liquidity Advance and each related Mandatory Tender Advance upon receipt by the GSEs of money equal to the amount by which the Trustee, pursuant to a Certificate of Reinstatement under the GSE Credit and Liquidity Facility, requests the GSEs to increase that Principal Portion and that Interest Portion.

The Reimbursement Agreement

Events of Default

Each of the following events constitutes an “Event of Default” under the Reimbursement Agreement:

(1) *Payments.* Any principal of, or interest on, any Offered Bond (including any Bank Bond) shall not be paid when due (disregarding for such purposes payments made pursuant to a Debt Service Advance); or

(2) *Fee Payments; Reimbursement.* The Agency shall fail to pay any amount owing with respect to (a) Debt Service Advances made by the GSEs, (b) the Facility Fee and certain other fees owing under the Reimbursement Agreement or (c) interest on the unpaid amount of any and all Bank Bonds, in each case when and as the same shall become due; or

(3) *Representations.* Any representation or warranty made or deemed to be made to the GSEs by or on behalf of the Agency in any of the Reimbursement Agreement, the GSE Credit and Liquidity Facility, the Offered Bonds, the Indenture, any investment agreement or repurchase agreement relating to security for the Offered Bonds, any surety bond or other credit or liquidity support relative to the Offered Bonds, any Hedge entered into with respect to the Offered Bonds and payable on a parity therewith and the Remarketing Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms of the Reimbursement Agreement (collectively, the “*Related Documents*”) or in any certificate or statement delivered thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(4) *Certain Covenants.* The Agency shall fail to observe or perform certain covenants or agreements of the Agency contained in the Reimbursement Agreement; or

(5) *Other Covenants.* The Agency shall default in the due performance or observance of any other term, covenant or agreement contained (or incorporated by reference) or there is any Default in the Reimbursement Agreement (other than those referred to in paragraphs (1)-(4) above) and such Event of Default or Default shall remain unremedied for a period of thirty (30) days after the GSEs shall have given written notice thereof to the Agency; or

(6) *Insolvency.* (a) The Agency shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Agency shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against the Agency any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in an order for such relief or in the appointment of a receiver or similar official or (ii) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (c) there shall be commenced against the Agency, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, rehabilitation, distraint or similar process against all or any substantial part of its assets (including the Security), which

results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (d) the Agency shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or (e) the Agency shall generally not, or shall be unable to, and so admit in writing its inability to, pay its Debts; or (f) a moratorium, restructuring, adjustment or comparable extraordinary restriction shall have been declared (whether or not in writing) with respect to the Offered Bonds or Parity Debt of the Agency by the Agency or the State (including, without limitation, any of the executive, legislative or judicial branches of government thereof) or any federal government agency or authority having jurisdiction over the Agency; or

(7) *Invalidity.* (a) Any provision of the Act, the Reimbursement Agreement, the Indenture, the Offered Bonds or any Parity Debt relating to the payment of the principal of or interest on the Offered Bonds (including any Bank Bonds) or any Parity Debt or the Security therefor shall at any time and for any reason cease to be valid and binding on the Agency as a result of (i) finding or ruling, (ii) enactment or adoption of legislation, (iii) issuance of an executive order or (iv) entry of a judgment or decree, in each instance, by a Governmental Agency having appropriate jurisdiction over the Agency that such a provision is null and void, invalid or unenforceable; or (b) the Agency shall have taken or permitted to be taken any official action which would adversely affect the enforceability of the Reimbursement Agreement, the Offered Bonds, the Act, the Indenture or any Parity Debt relating to the payment of the principal or interest on the Offered Bonds (including any Bank Bonds) or any Parity Debt or the Security therefor or results in a repudiation of its obligation to pay the Offered Bonds (including any Bank Bonds); or (c) the Agency (i) challenges the validity or enforceability of any provision of the Reimbursement Agreement, the Offered Bonds, the Act, the Indenture or any Parity Debt relating to or otherwise affecting (A) the obligation to pay the principal of or interest on the Offered Bonds, the Bank Bonds or any Parity Debt or (B) the Security available for repayment of the principal of or interest on the Offered Bonds, the Bank Bonds or any Parity Debt or (ii) seeks an adjudication that any provision of the Reimbursement Agreement, the Act, the Indenture, the Offered Bonds or any Parity Debt relating to or otherwise affecting (A) the Agency's obligation to pay the principal of or interest on the Offered Bonds, the Bank Bonds or any Parity Debt or (B) the Security available for repayment of the principal of or interest on the Offered Bonds, the Bank Bonds or any Parity Debt is not valid and binding on the Agency; or

(8) *Ratings Withdrawal or Suspension.* Each of Moody's, Fitch and S&P shall have (a) withdrawn their long-term ratings of the Offered Bonds or any unenhanced Parity Debt for any credit related reasons; or (b) suspended their long-term ratings of the Offered Bonds or any unenhanced Parity Debt for any credit related reasons; or

(9) *Default on Other Obligations.* (a) The Agency shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Parity Debt, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such Parity

Debt, or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any Parity Debt shall have been or, as a result of a payment default of any nature, may be accelerated or shall have been, or, as a result of a payment default of any nature, may be required to be prepaid prior to the stated maturity thereof; or (b) the Agency defaults under any other reimbursement agreement with the GSEs in connection with a credit and liquidity facility for Parity Debt; or

(10) *Judgment.* A final non appealable judgment or order for the payment of money that exceeds \$5,000,000 in aggregate shall have been rendered against the Agency and shall be payable from or attach to the Revenues or other monies pledged to the payment of the Offered Bonds under the Indenture, and such judgment or order shall not have been satisfied within a period of 30 days from the date on which such judgment was rendered; or

(11) *Maintenance of Tax-Exempt Status of the Offered Bonds.* Solely with respect to those Series of Offered Bonds that bear interest that is intended to be tax exempt, the issuance of a Proposed Determination by the Internal Revenue Service which, if not terminated, revoked or omitted, would adversely affect the exclusion from gross income of such interest on those Offered Bonds for purposes of the exemption of such interest from federal income taxes; or

(12) *Event of Default Under Related Documents.* An event of default shall occur and be continuing under any Related Documents.

Remedies

The Reimbursement Agreement provides that upon the occurrence of any Event of Default:

(1) the GSEs may declare all accrued and unpaid amounts payable to them under the Reimbursement Agreement to be immediately due and payable (other than payments of principal of and interest on Bank Bonds, acceleration rights with respect to which are governed by the Indenture), and the GSEs shall have all remedies provided at law or in equity, including, without limitation, specific performance; *provided, however*, the GSEs agree to fund advances under the GSE Credit and Liquidity Facility notwithstanding the occurrence of an Event of Default.

(2) the GSEs may give notice to the Tender Agent and Trustee of their election to require the Tender Agent/Trustee to cause a Mandatory Tender of all Offered Bonds.

The remedies described in paragraphs 1 and 2 above are not exclusive, and the GSEs have reserved the right and shall have the right to pursue any other available remedies, whether provided by law, equity or in any Related Document, including, without limitation, the Reimbursement Agreement.

Alternate Liquidity Facility

The Agency may elect to replace any Liquidity Facility (including the GSE Credit and Liquidity Facility) with an Alternate Liquidity Facility. The Agency shall promptly notify the Trustee, the Remarketing Agent, the Rating Agencies and the Tender Agent of the Agency's intention to deliver an Alternate Liquidity Facility at least 45 days prior to such delivery. The Offered Bonds to be covered by an Alternate Liquidity Facility will be subject to mandatory tender in the event of the delivery of such Alternate Liquidity Facility. See "Description of the Offered Bonds — Mandatory Tender." **THIS REOFFERING STATEMENT IS ONLY INTENDED TO DESCRIBE OFFERED BONDS THAT ARE IN A WEEKLY MODE AND COVERED BY THE GSE CREDIT AND LIQUIDITY FACILITY.**

DTC and Book-Entry

The Offered Bonds will be issued remarketed as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Reoffering Statement, so long as all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of the Offered Bonds (*except* under "Tax Matters") mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Agency nor the Underwriters or Remarketing Agent take responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued or remarketed as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for each maturity of each Series thereof in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed

Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC’s records. The ownership interest of each actual purchaser of each Offered Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OR PARTIAL TENDER AND PURCHASE OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

A Beneficial Owner shall give notice to elect to have its Offered Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Offered Bonds by causing the Direct Participant to transfer the Participant's interest in the Offered Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Offered Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Offered Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Offered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Indenture.

The Agency or the Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be printed and delivered to DTC.

In the event that the book-entry system with respect to the Offered Bonds is discontinued as described above, the following requirements of the Indenture will apply. The Indenture provides for issuance of bond certificates directly to registered owners of the Offered Bonds other than DTC or its nominee at the expense of such registered owners. Interest on such Offered Bond will be payable by check or draft mailed to the persons whose names appear on the registration books of the Agency maintained by the Trustee. Principal of each Offered Bond will be payable to the registered owner thereof upon surrender of such Offered Bond at the office of the Trustee in San Francisco, California or, at the option of the registered owner, at the office of U.S. Bank National Association, St. Paul, Minnesota. Notwithstanding the foregoing, upon written request of a registered owner of \$5,000,000 or more in aggregate principal amount of the Offered Bonds, interest on and, upon surrender, principal of such Bonds will be payable by wire transfer from the Trustee to the registered owner thereof. The Offered Bonds may be exchanged by the registered owners thereof in person or by duly authorized attorney. Any Offered Bond may be transferred with a written instrument of transfer, in form and with a medallion guarantee of signature satisfactory to the Trustee, duly executed by the registered owner or his or her duly authorized attorney, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Offered Bonds to be exchanged or transferred. No transfer or exchange of any Offered Bond shall be required to be made during the 15 days next preceding each Interest Payment Date or with respect to an Offered Bond for which notice of redemption has been given. Upon such exchange or transfer, a new Offered Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal amount, will be issued to the owner or transferee, as the case may be, in exchange therefor.

INFORMATION CONCERNING SALES OF OFFERED BONDS BY REMARKETING AGENT

The information contained under this heading “Information Concerning Sales of Offered Bonds by Remarketing Agent” has been provided by the Remarketing Agent for use in this Reoffering Statement but has not been required by the Agency to be included herein and, except to the extent such information describes express provisions of the Indenture, the Agency does not accept any responsibility for its accuracy or completeness.

The Remarketing Agent is Paid by the Agency. The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing Offered Bonds that are optionally tendered by the Owners thereof, all as further described in this Reoffering Statement. The Remarketing Agent is appointed by the Agency and is paid by the Agency for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Offered Bonds. The Remarketing Agreement provides that, with respect to actions calling for the exercise of the Remarketing Agent’s judgment, the Remarketing Agent shall not be liable for any action taken or omitted to be taken, except for its own gross negligence

or willful misconduct. Under no circumstances shall the Remarketing Agent be deemed a fiduciary of the Agency.

The Remarketing Agent Routinely Purchases Offered Bonds for its Own Account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Offered Bonds for its own account. The Remarketing Agent, in its sole discretion, routinely acquires tendered Offered Bonds for its own inventory in order to achieve a successful remarketing of the Offered Bonds (i.e., because there otherwise are not enough buyers to purchase the Offered Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Offered Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Offered Bonds by routinely purchasing and selling Offered Bonds other than in connection with a tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Offered Bonds. The Remarketing Agent may also sell any Offered Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Offered Bonds. The purchase of Offered Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Offered Bonds in the market than is actually the case. The practices described above also may reduce the supply of Offered Bonds that may be tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date. The Remarketing Agent is required to determine on the Rate Determination Date the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the “Effective Date”). The interest rate will reflect, among other factors, the level of market demand for the Offered Bonds (including whether the Remarketing Agent is willing to purchase Offered Bonds for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to sell tendered Offered Bonds at par, plus accrued interest. There may or may not be Offered Bonds tendered and remarketed on a Rate Determination Date or an Effective Date, the Remarketing Agent may or may not be able to remarket any Offered Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Offered Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Offered Bonds at the remarketing price.

The Ability to Sell the Offered Bonds Other Than Through Tender Process May be Limited. While the Remarketing Agent may buy and sell Offered Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Offered Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Offered Bonds other than by tendering the Offered Bonds in accordance with the tender process.

TAX MATTERS

2004 Series A Bonds

On the date of issuance of the 2004 Series A Bonds, Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), delivered its opinion that, based upon an analysis of then-existing laws,

regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2004 Series A Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (ii) is exempt from State of California personal income taxes. Bond Counsel observed, however, that interest on the 2004 Series A Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. A complete copy of the form of such opinion relating to the 2004 Series A Bonds is set forth in Appendix A hereto.

On the Remarketing Date, Bond Counsel will deliver its opinion (the “Remarketing Opinion”), based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, to the effect that the delivery of the GSE Credit and Liquidity Facility with respect to the 2004 Series A Bonds on the Remarketing Date will not, in and of itself, adversely affect the exclusion of interest on the 2004 Series A Bonds from gross income for federal income tax purposes. Bond Counsel is not rendering any opinion on the current tax status of the 2004 Series A Bonds.

As described in the Official Statement with respect to the 2004 Series A Bonds, the Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2004 Series A Bonds. The Agency made certain representations and covenanted to comply with certain restrictions designed to ensure that interest on the 2004 Series A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2004 Series A Bonds being included in federal gross income, possibly from the date of issuance of the 2004 Series A Bonds. The opinion of Bond Counsel delivered on the date of issuance of the 2004 Series A Bonds (the “Original Opinion”) assumed the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2004 Series A Bonds may affect the value of, or the tax status of interest on, the 2004 Series A Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the 2004 Series A Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. In the Original Opinion, Bond Counsel expressed no opinion as to the 2004 Series A Bonds or the interest thereon if any such change occurred or action was taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel delivered its opinions that interest on the 2004 Series A Bonds was excluded from gross income for federal income tax purposes and was exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2004 Series A Bonds may otherwise affect a beneficial owner’s federal or state

tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial Owner or the beneficial Owner's other items of income or deduction. Bond Counsel expressed and expresses no opinion regarding any such other tax consequences.

The Original Opinion was based on legal authority current as of the date that the Original Opinion was delivered, covered certain matters not directly addressed by such authorities, and represented Bond Counsel's judgment, as of the date of issuance of the 2004 Series A Bonds, as to the proper treatment of the 2004 Series A Bonds for federal income tax purposes. The Remarketing Opinion will be based on legal authority as of the date of its delivery, will cover matters not directly addressed by such authorities, and will represent Bond Counsel's judgment as to the proper treatment of the 2004 Series A Bonds for federal income tax purposes. Neither the Original Opinion nor the Remarketing Opinion was or is binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency or the respective Borrowers, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency and the respective Borrowers have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's original engagement with respect to the 2004 Series A Bonds ended with the issuance of the 2004 Series A Bonds. Bond Counsel's engagement with respect to the remarketing of the 2004 Series A Bonds ends with the remarketing of the 2004 Series A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency, the respective Borrowers or the beneficial owners regarding the tax-exempt status of the 2004 Series A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2004 Series A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2004 Series A Bonds, and may cause the Agency or the beneficial owners to incur significant expense.

2006 Series B Bonds

On the date of issuance of the 2006 Series B Bonds, Bond Counsel delivered its opinion that, based upon an analysis of then-existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2006 Series B Bonds (i) is *not* excludable from gross income for federal income tax purposes and (ii) is exempt from State of California personal income taxes. A complete copy of the form of such opinion is set forth in Appendix A hereto.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expressed no opinion as to any

2006 Series B Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered its opinion that interest on the 2006 Series B Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, such Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expressed no opinion regarding any such other tax consequences.

LEGAL MATTERS

Certain legal matters incident to the remarketing and delivery of the Offered Bonds are subject to the approval of Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Reoffering Statement or other offering material relating to the Offered Bonds and expresses no opinion with respect thereto.

LITIGATION

There is no pending (with service of process on the Agency completed) litigation of any nature restraining or enjoining or seeking to restrain or enjoin the remarketing or delivery of the Offered Bonds or contesting the validity of the Offered Bonds, the Indenture or other proceedings of the Agency taken with respect to the authorization, remarketing or sale of the Offered Bonds, or the pledge or application of any money under the Indenture, or the existence or powers of the Agency to implement the Program.

While at any given time, including the present, there are or may be civil actions pending against the Agency, which could, if determined adversely to the Agency, affect the Agency's expenditures and in some cases its revenues, the Agency is of the opinion that no pending actions are likely to have a material adverse effect on the Agency's ability to pay principal of, premium, if any, and interest on the Offered Bonds when due.

LEGALITY FOR INVESTMENT

Under the Act, the Offered Bonds are legal investments for all public officers and public bodies of the State of California or its political subdivisions, all municipalities and municipal subdivisions, all insurance companies or banks, savings and loan associations, building and loan associations, trust companies, savings banks, savings associations and investment companies, and administrators, guardians, conservators, executors, trustees and other fiduciaries, and may be used as security for public deposits.

RATINGS

The Agency expects Moody's to assign the Offered Bonds a rating of "Aaa/VMIG-1" and S&P to assign the Offered Bonds a rating of "AAA/A-1+". The assignment of such ratings by Moody's and S&P with respect to the Offered Bonds is conditioned upon the effectiveness of

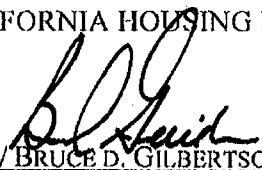
the GSE Credit and Liquidity Facility at the time of delivery of the Offered Bonds. Such ratings assigned to the Offered Bonds reflect only the views of the respective rating agency and an explanation of the significance of such ratings may be obtained from the rating agencies. There is no assurance that the ratings which have been assigned to the Offered Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Offered Bonds.

MISCELLANEOUS

The agreements of the Agency with the owners of the Offered Bonds are fully set forth in the Indenture, and this Reoffering Statement is not to be construed as a contract with the purchasers of the Offered Bonds. Any statements made in this Reoffering Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The execution and delivery of this Reoffering Statement have been duly authorized by the Agency.

CALIFORNIA HOUSING FINANCE AGENCY


By: /s/ BRUCE D. GILBERTSON
Director of Financing

Dated: December 23, 2009

APPENDIX A

LEGAL OPINIONS

On the date of issuance of the 2004 Series A Bonds, Bond Counsel issued the following approving opinion:

November 4, 2004

California Housing Finance Agency
Sacramento, California

California Housing Finance Agency
Housing Program Bonds,
2004 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the California Housing Finance Agency (the “Agency”) of the California Housing Finance Agency Housing Program Bonds, 2004 Series A, in the aggregate principal amount of \$50,000,000 (the “2004 Series A Bonds”), issued pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the “Act”), and an Indenture, dated as of November 1, 2004, as supplemented by a 2004 Series A Series Indenture, dated as of November 1, 2004, by and between the Agency and U.S. Bank National Association, as Trustee (collectively, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, dated the date hereof and relating to the 2004 Series A Bonds (the “Tax Certificate”), certificates of the Agency, the Trustee and others, opinions of counsel to the Agency, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have assumed, without undertaking to verify, the genuineness of such documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified therein and the due and legal execution thereof by, and the validity against, any parties other than the Agency.

The interest rate mode on the 2004 Series A Bonds and certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. Furthermore, we have assumed, without undertaking to verify, compliance with all covenants and agreements contained in the Indenture, the Tax Certificate and other relevant documents, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2004 Series A Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the 2004 Series A Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents described herein. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2004 Series A Bonds and express herein no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Agency has been duly created and validly exists with good right and lawful authority to perform its obligations in accordance with law and the terms and conditions of the Indenture, including purchasing and making, in accordance with the Act, Mortgage Loans.

2. The 2004 Series A Bonds have been duly authorized and constitute the valid and binding general obligations of the Agency, payable from the Revenues and other assets pledged therefor under the Indenture, and also payable out of any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys.

3. The Indenture has been duly authorized, executed and delivered by, and is a valid and binding obligation of, the Agency. The Indenture creates a valid pledge, to secure the payment of the principal or Redemption Price, if any, of and interest on, the Bonds, the Sinking Fund Installments for the retirement thereof and amounts due from the Agency under Hedging Instruments, of all right, title and interest of the Agency in and to all moneys and securities in all Funds and Accounts from time to time held under the terms of the Indenture (except moneys and securities in the Rebate Account and any Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement, which is to be deposited in the Rebate Account), in each case to the extent provided in the Indenture and subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

4. The 2004 Series A Bonds do not constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency, to the extent provided in the Indenture. Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on the 2004 Series A Bonds.

5. Interest on the 2004 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. We observe that interest on the 2004 Series A Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Interest on the 2004 Series A Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2004 Series A Bonds.

Very truly yours,

On the date of issuance of the 2006 Series B Bonds, Bond Counsel issued the following approving opinion:

May 2, 2006

California Housing Finance Agency
Sacramento, California

California Housing Finance Agency
Housing Program Bonds,
2006 Series B
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the California Housing Finance Agency (the "Agency") of the California Housing Finance Agency Housing Program Bonds, 2006 Series B, in the aggregate principal amount of \$61,110,000 (the "2006 Series B Bonds"), issued pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), and an Indenture, dated as of November 1, 2004, as supplemented by a 2006 Series B Series Indenture, dated as of April 1, 2006, by and between the Agency and U.S. Bank National Association, as Trustee (collectively, the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, certificates of the Agency, the Trustee and others, opinions of counsel to the Agency, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have assumed, without undertaking to verify, the genuineness of such documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified therein and the due and legal execution thereof by, and the validity against, any parties other than the Agency.

The interest rate mode on the 2006 Series B Bonds and certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2006 Series B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any 2006 Series B Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. Furthermore, we have assumed,

without undertaking to verify, compliance with all covenants and agreements contained in the Indenture and other relevant documents. In addition, we call attention to the fact that the rights and obligations under the 2006 Series B Bonds and the Indenture and their enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the documents described herein. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2006 Series B Bonds and express herein no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Agency has been duly created and validly exists with good right and lawful authority to perform its obligations in accordance with law and the terms and conditions of the Indenture, including purchasing and making, in accordance with the Act, Mortgage Loans.

2. The 2006 Series B Bonds have been duly authorized and constitute the valid and binding general obligations of the Agency, payable from the Revenues and other assets pledged therefor under the Indenture, and also payable out of any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys.

3. The Indenture has been duly authorized, executed and delivered by, and is a valid and binding obligation of, the Agency. The Indenture creates a valid pledge, to secure the payment of the principal or Redemption Price, if any, of and interest on, the Bonds, the Sinking Fund Installments for the retirement thereof and amounts due from the Agency under Hedging Instruments, of all right, title and interest of the Agency in and to all moneys and securities in all Funds and Accounts from time to time held under the terms of the Indenture (except moneys and securities in the Rebate Account and any Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement, which is to be deposited in the Rebate Account), in each case to the extent provided in the Indenture and subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

4. The 2006 Series B Bonds do not constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency, to the extent provided in the Indenture. Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on the 2006 Series B Bonds.

5. Interest on the 2006 Series B Bonds is not excludable from gross income for federal income tax purposes. Interest on the 2006 Series B Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2006 Series B Bonds.

Very truly yours,

**CERTAIN DEFINITIONS WITH RESPECT TO THE
OFFERED BONDS**

“Alternate Liquidity Facility” means any Liquidity Facility subsequent to the GSE Credit and Liquidity Facility that the Agency may provide pursuant to the Offered Bonds Series Indentures. This Reoffering Statement is intended only to describe Offered Bonds that are covered by the GSE Credit and Liquidity Facility.

“Bank Bonds” means Offered Bonds subject to optional or mandatory tender for purchase and not remarketed by the Remarketing Agent that are purchased by the Tender Agent with funds advanced by the GSEs pursuant to the GSE Credit and Liquidity Facility.

“Bank Interest Rate” means the rate of interest, if any, on any Bank Bonds held by and payable to a GSE at any time as determined and calculated in accordance with the provisions of the GSE Credit and Liquidity Facility.

“Bondholder” or “Holder” means, for purposes of this Reoffering Statement, any Holder (as defined under the Indenture) of Offered Bonds, except that (i) where the context so requires, such terms shall mean Holders of Bonds under the Indenture, and (ii) except under “Tax Matters” herein, so long as the Offered Bonds are immobilized in the custody of DTC, such terms shall mean, for purposes of giving notice to such Bondholders or Holders, DTC or its nominee. (See “The Offered Bonds — DTC and Book-Entry” herein.)

“Business Day” means any day on which banks are generally open for business in New York, New York, St. Paul, Minnesota, San Francisco, California, and Washington, D.C., and the New York Stock Exchange is open.

“Conversion Date” means the Business Day on which the interest rate on any of the Offered Bonds is Converted to Fixed Interest Rates.

“Convert,” “Converted” or “Conversion,” as appropriate, means the conversion of the interest rate on any of the Offered Bonds to Fixed Interest Rates as herein described.

“Effective Rate” means the rate of interest, which rate shall be less than or equal to the Maximum Rate, payable on the Offered Bonds prior to any Conversion, determined for each Effective Rate Period pursuant to the Offered Bonds Series Indentures.

“Effective Rate Date” means each date on which Offered Bonds begin to bear interest at the applicable Effective Rate; provided that in the event that any Effective Rate Date would occur on a day that is not a Business Day, such Effective Rate Date shall be the next succeeding Business Day.

“Effective Rate Period” means each period during which interest accrues under a particular Mode from one Effective Rate Date to and including the day preceding the next Effective Rate Date with respect to Offered Bonds.

“Fixed Interest Rates” means long-term interest rates fixed to maturity of Offered Bonds, established in accordance with the Offered Bonds Series Indentures. This Reoffering Statement is not intended to describe Offered Bonds following a Conversion to Fixed Interest Rates.

“Liquidity Facility” means any instrument delivered pursuant to the terms of an Offered Bonds Series Indenture which provides liquidity support in accordance with the terms thereof for the purchase of Offered Bonds, including the GSE Credit and Liquidity Facility and any Alternate Liquidity Facility.

“Maximum Rate” means 12% per annum.

“Mode” means the manner in which the interest rate is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, Semiannual Rate, Indexed Rate and Auction Rate. This Reoffering Statement is not intended to describe Offered Bonds bearing interest at other than a Weekly Rate.

“Mode Change” means a change in Mode Period.

“Mode Change Date” means the effective date of a Mode Change.

“Mode Period” means each period beginning on the first Effective Rate Date for the Offered Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next such change in Mode.

“Non-Liquidity Remarketed Bonds” means any Offered Bonds that the Agency designates as such in accordance with the Indenture. This Reoffering Statement is not intended to describe the Offered Bonds following their becoming Non-Liquidity Remarketed Bonds.

“Non-Liquidity Remarketed Bonds Change Date” means the effective date on which any Liquidity Facility Bonds become Non-Liquidity Remarketed Bonds or Non-Liquidity Remarketed Bonds become Liquidity Facility Bonds.

“Official LIBOR Page” means the Telerate British Bankers’ Association LIBOR Rates Page, which is the display designated as page 3750 on the Telerate, Inc. news and information service, or such other page as may replace the Official LIBOR Page on such service for the purpose of displaying London interbank offered rates of major banks.

“Rate Determination Date” means the date on which the Effective Rate is determined for the Effective Rate Period following each such Rate Determination Date, which, with respect to an Effective Rate Period during which the Offered Bonds are to bear interest at a Weekly Rate, is by 4:00 P.M. on the immediately preceding Business Day.

“SIFMA Index” means, with respect to any Effective Rate Period, the per annum rate equal to the Securities Industry and Financial Markets Association Municipal Swap Index (formerly The Bond Market Association Municipal Swap Index) in effect on the related Rate Determination Date; provided, however, that if Securities Industry Financial Markets Association Municipal Swap Index shall become unavailable, the SIFMA Index shall be deemed

to be the Kenny Index (as defined in the 1992 ISDA U.S. Municipal Counterparty Definitions), and provided further that if the Kenny Index shall become unavailable, the SIFMA Index shall be a comparable index selected by the Remarketing Agent. The Securities Industry and Financial Markets Association Municipal Swap Index is an index based on the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by the Municipal Market Data which meet specific criteria established by the Securities Industry and Financial Markets Association.

“Tender Agent” means U.S. Bank National Association, a national banking association, organized and existing under the laws of the United States of America, and its successors and assigns, as tender agent under the Offered Bonds Series Indentures, or any other tender agent duly appointed in accordance with an Offered Bonds Series Indenture.

“Weekly Mode Period” means each period of time during which any of the Offered Bonds bear interest at a Weekly Rate.

“Weekly Rate” means the rate of interest to be borne by any of the Offered Bonds during a Weekly Mode Period as described in the Offered Bonds Series Indentures.

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APPENDIX C

CERTAIN INFORMATION RELATING TO THE GSES

The information presented under the heading “Fannie Mae” below has been supplied by Fannie Mae, and the information under the heading “Freddie Mac” below has been supplied by Freddie Mac. None of the Agency, the Trustee or the Remarketing Agent has independently verified such information, and none assumes responsibility for the accuracy of such information.

Fannie Mae

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the “Charter”). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities (“Fannie Mae MBS”), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as “whole loans”) and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae’s mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury (“Treasury”) owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency (“FHFA”), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take “such action as may be necessary to put the regulated entity in a sound and solvent condition.” Fannie Mae has no control over FHFA’s actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae’s regulator with respect to fair lending matters.

On September 7, 2008, Fannie Mae, through its conservator, entered into two agreements with Treasury – a Senior Preferred Stock Purchase Agreement (“Stock Purchase Agreement”) and a Common Stock Warrant (“Warrant”). Pursuant to the Stock Purchase Agreement, Fannie

Mae issued to Treasury 1,000,000 shares of senior preferred stock (“Senior Preferred Stock”) with an initial liquidation preference of \$1,000 per share and the Warrant, which allows Treasury to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. The Senior Preferred Stock and the Warrant were issued to Treasury as an initial commitment fee for Treasury’s commitment (the “Commitment”), set forth in the Stock Purchase Agreement, to provide up to \$100 billion in funds to Fannie Mae under specified conditions. The Stock Purchase Agreement was amended and restated on September 26, 2008 and was further amended on May 6, 2009 to, among other things, increase the size of the Commitment to \$200 billion. Fannie Mae generally may draw funds under the Commitment on a quarterly basis when Fannie Mae’s total liabilities exceed its total assets on its consolidated balance sheet prepared in accordance with generally accepted accounting principles as of the end of the preceding quarter. Additional information about the conservatorship, the Stock Purchase Agreement, the Warrant and the Commitment is included in Fannie Mae’s Annual Report on Form 10-K for the year ended December 31, 2008 (the “2008 Form 10-K”) and Fannie Mae’s quarterly reports on Form 10-Q for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009, respectively, which are incorporated by reference into this section of the Official Statement.

Through September 30, 2009, Fannie Mae had received a total of \$44.9 billion from Treasury under the Commitment. At September 30, 2009, Fannie Mae’s total liabilities exceeded its total assets on its consolidated balance sheet by \$15.0 billion. On November 4, 2009, the Acting Director of FHFA submitted a request on Fannie Mae’s behalf to Treasury to draw additional funds under the Commitment by December 31, 2009 to eliminate Fannie Mae’s net worth deficit as of September 30, 2009. Amounts drawn on the Commitment are added to the liquidation preference of the Senior Preferred Stock, which currently has a 10% annual dividend rate. Upon the receipt of the requested funds from Treasury, (i) Fannie Mae will have drawn a total of \$59.9 billion in funds under the Commitment, (ii) the aggregate liquidation preference of the Senior Preferred Stock will equal \$60.9 billion and (iii) the annualized dividend obligation on the Senior Preferred Stock, based upon the 10% annual dividend rate, will be \$6.1 billion. If dividends are not paid quarterly and in cash, the annual dividend rate would increase to 12%, and the unpaid dividend would accrue and be added to the liquidation preference of the Senior Preferred Stock.

On September 19, 2008, Fannie Mae entered into a lending agreement with Treasury (the “Treasury Credit Facility”) under which Fannie Mae may request loans from Treasury until December 31, 2009, although Treasury is not obligated to make any such requested loan. To borrow from Treasury under the Treasury Credit Facility, Fannie Mae must post collateral in the form of agency mortgage-backed securities to secure all such borrowings under the Treasury Credit Facility. As of the date of the Official Statement, Fannie Mae has not borrowed any funds under the Treasury Credit Facility.

The Stock Purchase Agreement, the Warrant and the Treasury Credit Facility contain covenants that significantly restrict Fannie Mae’s business activities. These covenants include prohibitions on the following activities unless prior written consent of Treasury is obtained (i) the issuance of equity securities (except in limited instances), (ii) the payment of dividends or other distributions on Fannie Mae’s equity securities (other than the Senior Preferred Stock or the Warrant) and (iii) the issuance of subordinated debt securities. The covenants also limit the

amount of debt securities Fannie Mae may have outstanding. These covenants are summarized in the 2008 Form 10-K and Fannie Mae's quarterly report on Form 10-Q for the quarter ended March 31, 2009.

The securities of Fannie Mae are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's web site at <http://www.fanniemae.com/ir/sec> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae is incorporating by reference in this section of the Official Statement the documents described herein that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to Bondholders and other recipients of the Official Statement by referring such recipients to those documents. Those documents are considered part of this section of the Official Statement, so Bondholders and other recipients of the Official Statement should read the Official Statement and any applicable supplements or amendments, together with those documents, before making an investment decision.

Fannie Mae incorporates by reference the following documents Fannie Mae has filed, or may file, with the SEC:

- (i) Fannie Mae's 2008 Form 10-K, filed with the SEC on February 26, 2009;
- (ii) all other reports that Fannie Mae files with the SEC pursuant to Section 13(a) or 13(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by Fannie Mae's 2008 Form 10-K until the date of the Official Statement, including any quarterly reports on Form 10-Q and current reports on Form 8-K, but excluding any information "furnished" to the SEC on Form 8-K; and
- (iii) all other proxy statements that Fannie Mae files with the SEC, and all documents Fannie Mae files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act subsequent to the date of the Official Statement and prior to the termination of the offering of securities under the Official Statement, excluding any information "furnished" to the SEC on Form 8-K.

The information contained in this section of the Reoffering Statement was prepared as of the date of the Reoffering Statement. Bondholders and other recipients of the Reoffering Statement should rely on the most currently available information, however, Fannie Mae has no secondary market obligation to update the information contained in this section of the Reoffering Statement.

In addition, Fannie Mae makes no representation as to the contents of the Official Statement (other than the information contained in this section), the suitability of the Bonds for any investor, the feasibility or performance of any project or loan, or compliance with any

securities, tax, or other laws or regulations. Fannie Mae's role with respect to the Offered Bonds is limited to issuing and discharging its obligations under the GSE Credit and Liquidity Facility on the Offered Bonds and exercising the rights reserved to it in the Indenture and the Reimbursement Agreement.

Freddie Mac

The information presented under this caption "Freddie Mac" has been supplied by Freddie Mac. None of the Agency, the Trustee or the Remarketing Agent has independently verified such information, and none assumes responsibility for the accuracy of such information. The information is qualified in its entirety by reference to the Incorporated Documents, as defined below.

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as-needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by

FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHEO.gov> and <http://www.Treasury.gov>.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (the “Exchange Act”), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

As described below, Freddie Mac incorporates certain documents by reference in this Official Statement, which means that Freddie Mac is disclosing information to you by referring you to those documents rather than by providing you with separate copies. Freddie Mac incorporates by reference in this Official Statement its proxy statement, and all documents that Freddie Mac files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act, after July 18, 2008 and prior to the completion of the offering of the related Bonds, excluding any information that Freddie Mac may “furnish” to the SEC but that is not deemed to be “filed.” Freddie Mac also incorporates by reference its Registration Statement on Form 10, in the form declared effective by the SEC on July 18, 2008 (the “Registration Statement”). These documents are collectively referred to as the “Incorporated Documents” and are considered part of this Official Statement. You should read this Official Statement, in conjunction with the Incorporated Documents. Information that Freddie Mac incorporates by reference will automatically update information in this Official Statement. Therefore, you should rely only on the most current information provided or incorporated by reference in this Official Statement.

You may read and copy any document Freddie Mac files with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC’s web site at <http://www.sec.gov>.

Freddie Mac makes no representations as to the contents of this Official Statement, the suitability of the Offered Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac’s role is limited to discharging its obligations under the GSE Credit and Liquidity Facility.

FREDDIE MAC’S OBLIGATIONS WITH RESPECT TO THE OFFERED BONDS ARE SOLELY AS PROVIDED IN THE GSE CREDIT AND LIQUIDITY FACILITY. THE OBLIGATIONS OF FREDDIE MAC UNDER THE GSE CREDIT AND LIQUIDITY FACILITY WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE OFFERED BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE GSE CREDIT AND LIQUIDITY FACILITY, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PRINCIPAL OF AND INTEREST ON, AND THE PURCHASE PRICE OF, THE OFFERED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE OFFERED BONDS ARE NOT A DEBT

OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

CALIFORNIA HOUSING FINANCE AGENCY

OFFICIAL STATEMENT OR REOFFERING STATEMENT PART 2

Relating to

Housing Program Bonds

This Part 2 of this Official Statement or Reoffering Statement (“Statement”) provides certain information concerning the Agency, security for the Bonds, the Program and the Agency’s other financing programs. It contains only a part of the information to be provided by the Agency in connection with the issuance or remarketing of certain Series of its Bonds. The terms of the Series of Bonds being issued or remarketed, including the designation, principal amount, authorized denominations, price, maturity, interest rate and time of payment of interest, redemption provisions, and any other terms or information relating thereto are set forth in Part 1 of this Statement with respect to such Series. Additional information concerning the Agency and the loan program financed with the proceeds of Bonds and other moneys available under the Indenture is contained in Part 1 of this Statement. The information contained herein may be supplemented or otherwise modified by Part 1 of this Statement and is subject in all respects to the information contained therein.

TABLE OF CONTENTS

INTRODUCTION.....	1	Revenue Fund.....	26
THE AGENCY.....	1	Debt Service Fund.....	29
Powers.....	1	Debt Service Reserve Fund.....	29
Management.....	2	Redemption Fund; Cross-Calls and Recycling.....	30
Organization and Staff.....	4	Short Term Bond Debt Service Fund.....	31
THE PROGRAM.....	7	Agency Payment Account.....	31
OTHER PROGRAMS OF THE AGENCY.....	9	Investment of Moneys.....	31
Multi-Family Programs.....	9	Particular Covenants of The Agency.....	32
Homeownership Program.....	10	Events of Default and Remedies.....	34
SUMMARY OF CERTAIN PROVISIONS		Majority Bondholders Control Proceedings ...	38
OF THE GENERAL INDENTURE.....	10	Amendments.....	38
Certain Defined Terms.....	10	Discharge of Indenture in Entirety.....	40
Funds and Accounts Established by the		Defeasance of Bonds.....	40
Indenture.....	24	INDEPENDENT AUDITORS.....	41
Program Fund; Acquisition Account.....	25	STATE PLEDGE.....	41
Acquired Development Account.....	26		
APPENDIX A – FINANCIAL STATEMENTS OF THE AGENCY FOR THE YEARS ENDED			
JUNE 30, 2009 AND 2008.....			2-A-1
APPENDIX B – CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA.....			2-B-1

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STATEMENT PART 2
of the
CALIFORNIA HOUSING FINANCE AGENCY
relating to
Housing Program Bonds

INTRODUCTION

The purpose of this Part 2 of this Statement, which includes the cover page and the appendices hereto, is to set forth certain information concerning the Agency, the Program, and the Bonds in connection with the issuance or remarketing of certain Series of Bonds by the Agency. Each Series of Bonds is issued pursuant to the Act, the General Indenture and a related Series Indenture. All capitalized terms used in this Part 2 and not otherwise defined shall have the respective meanings ascribed thereto in Part 1 of this Statement.

All references in this Statement to the Act, the General Indenture, and any Series Indenture are qualified in their entirety by reference to each such document, copies of which are available from the Agency, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the General Indenture, the applicable Series Indenture and this Statement.

THE AGENCY

Powers

The Agency was created in 1975 by the Act as a public instrumentality and a political subdivision of the State of California (the "State") within the Business, Transportation and Housing Agency, for the primary purpose of meeting the housing needs of persons and families of low or moderate income. The Agency is authorized to issue its bonds, notes and other obligations for a variety of purposes, including (1) making development loans, construction loans, mortgage loans and property improvement loans to qualified borrowers to finance housing developments and other residential structures; (2) purchasing such loans through qualified mortgage lenders; and (3) making loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used for certain loans.

The Agency may also provide consulting and technical services in connection with the financing of housing developments and may act as a State representative in receiving and allocating federal housing subsidies.

The Act currently provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of \$13,150,000,000, excluding refunding issues and certain taxable securities. In addition, the Act creates (1) the Supplementary Bond Security Account, the equity balance of which as of June 30, 2009 was \$25,516,216 and which has been or may be utilized to secure payment of the principal of and interest and sinking fund payments on Agency bonds and notes; and (2) the California Housing Loan Insurance Fund (the "Insurance Fund"). Amounts on deposit in the Insurance Fund have

been or may be used by the Agency to insure certain loans and bonds. Amounts on deposit in the Insurance Fund are not held under the Indenture.

Management

The Agency is administered by the Board, which consists of 11 voting members when all positions are filled. The State Treasurer, the Secretary of the Business, Transportation and Housing Agency, and the Director of the Department of Housing and Community Development, or their designees, are voting ex officio members. Six members are appointed by the Governor and confirmed by the Senate. One member is appointed by the Speaker of the Assembly. One member is appointed by the Senate Rules Committee. All such appointments are for six-year terms. In addition, the Act provides that the Director of the Department of Finance, the Director of the Governor's Office of Planning and Research, and the Executive Director of the Agency shall serve as non-voting ex officio members of the Board. The Chairperson of the Board is selected by the Governor from among his appointees. Members of the Board are:

<u>Name</u>	<u>Term Expires</u>	<u>Principal Occupation</u>
Voting Board Members ^{†, ††}		
Peter N. Carey ^{††}	September 26, 2013	President/Chief Executive Officer, Self-Help Enterprises
Michael A. Gunning	September 26, 2015	Vice President, Personal Insurance Federation of California
Paul C. Hudson	March 6, 2015	Chairman/CEO, Broadway Federal Bank
Jonathan C. Hunter	November 18, 2013	Managing Director, Region II Corporation for Supportive Housing
Barbara Macri-Ortiz ^{†††}	September 26, 2015	Attorney
Jack Shine	September 26, 2013	Chairman, American Beauty Development Co.
Ruben A. Smith	September 26, 2013	Partner, Adorno Yoss Alvarado & Smith
Bill Lockyer	*	State Treasurer
Dale E. Bonner	*	Secretary, Business, Transportation and Housing Agency
Lynn Jacobs	*	Director, Department of Housing and Community Development
Non-Voting Board Members		
[position vacant]	*	Executive Director, California Housing Finance Agency
Michael Genest ^{††††}	*	Director, Department of Finance
Cynthia Bryant	*	Director, Governor's Office of Planning and Research

[†] There is currently one vacancy on the Board to be filled by appointment by the Governor and confirmation by the Senate.

^{††} John A. Courson resigned as Chairperson of the Board as of July 25, 2008. Peter N. Carey is currently serving as Acting Board Chair.

^{†††} Subject to confirmation by the Senate.

^{††††} Michael Genest has announced his intention to resign as Director upon appointment of a new Director. Ana Matosantos, currently Chief Deputy Director, is expected to be appointed Director effective December 31, 2009.

* *ex officio*.

Organization and Staff

The Agency is organized into the following divisions under the Executive Director: Homeownership Programs, Multifamily Programs, Mortgage Insurance Services, Financing, Fiscal Services, Office of General Counsel, Legislative, Marketing, Administration, Information Technology, and Asset Management.

The Homeownership Programs Division is responsible for directing and administering all of the Agency's single family mortgage purchase and loan programs. The Homeownership Programs Division has a staff of 43 persons.

The Multifamily Programs Division is responsible for underwriting all multifamily direct loans, preparing documentation for loan closings and monitoring the construction of developments financed by direct loans from the Agency. The Multifamily Programs Division has a staff of 34 persons, including loan underwriters, architects and construction inspectors.

Mortgage Insurance Services is responsible for providing a program of loan insurance for mortgage loans to finance single family housing and portfolio management. Mortgage Insurance Services has a staff of 34 persons.

The Financing Division is responsible for all of the Agency's financing activities, including the supervision of note and bond sales, issuances and redemptions, cash flow analyses of the Agency's obligations and the investment of the Agency's funds. The Financing Division has a staff of 14 persons.

The Fiscal Services Division is overseen by the Agency's Comptroller and is responsible for accounting activities, fiscal operations, in-house servicing of loans, and preparation of Agency financial statements. The Fiscal Services Division has a staff of 74 persons.

The Office of General Counsel is responsible for all legal matters that affect the Agency, including review of all contracts and legislation and supervision of loan closings for multifamily developments. The Office of General Counsel also provides legal advice to the Agency's Board of Directors. The office is headed by a General Counsel and an Assistant Chief Counsel, and has 10 staff attorneys and 10 other staff members.

The Legislative Division is responsible for monitoring, tracking, and lobbying legislation impacting the housing arena, both on the State and Federal level. The Legislative Division has a staff of 3 persons.

The Marketing Division is responsible for developing and implementing the Agency's marketing programs and for managing all public information activities such as preparation of the annual report and press releases. The Marketing Division has a staff of 8 persons.

The Administration Division is responsible for directing and administering the Agency's personnel, training, and business services, and preparing the annual budget of the Agency. The Administration Division has a staff of 22 persons.

The Information Technology Division has responsibility for developing, implementing and maintaining the IT infrastructure and application systems supporting the Agency. The Information Technology Division has a staff of 19 persons.

The Asset Management Division is responsible for monitoring the financial and physical status of the Agency's multifamily loan portfolio of 518 projects, as well as occupancy compliance for Section 8 and low income units. The Asset Management Division has a staff of 34 persons.

The Agency's senior staff are listed below.

The position of Executive Director is currently vacant. On December 12, 2008, the Board of Directors of the Agency adopted a resolution delegating to the current Chief Deputy Director powers and authority of the Executive Director to direct and administer the day-to-day operations and activities of the Agency, subject to supervision of the Board. This delegation will expire automatically when a successor Executive Director has been appointed by the Governor and has taken office.

L. Steven Spears, *Chief Deputy Director* since December 2006. B.S., Southern Adventist University; M.B.A., University of Tennessee, Knoxville; J.D., University of the Pacific, McGeorge School of Law. Previously: Special Consultant to CalHFA Executive Director (January 2006); Managing Director, The SAER Group – Kahl/Pownall Companies (2003-2005); Managing Director, The SAER Group – Metropolitan West Securities (1998-2003); California Deputy State Treasurer – Public Finance (1995-1998); Legal Counsel to State Board of Equalization Member, Matthew K. Fong (1991-1995); Senior Consultant to Rebecca A. Morgan – California State Senate (1990-1991); Senior Manager, KPMG Peat Marwick (1985-1990). As described in the preceding paragraph, Mr. Spears is currently exercising the powers and authority of the Executive Director to direct and administer the day-to-day operations and activities of the Agency.

Margaret Alvarez, *Director of Asset Management* since March 1996. B.A., California State University, Chico. Previously: Asset Management Specialist, Federal Home Loan Mortgage Corporation (1994-1996); Senior Asset Manager, FWC Realty Services Corporation (1987-1993); Property Manager, American Development Corporation (1986-1987); Property Manager, Far West Management Corporation (1980-1986).

Robert L. Deaner II, *Director of Multifamily Programs* since September 2007. BBA, Accounting, Western Michigan University, Kalamazoo. Previously: Vice President and Relationship Manager for US Bank (2006-2007); Pacific National Bank and CW Capital, Vice President, Affordable and Market Rate Housing (2004-2006); Key Bank Real Estate Capital, Vice President, National Multifamily Affordable Housing, (1999-2004); various positions in the affordable housing lending industry (1985-1999).

Kenneth H. Giebel, *Director of Marketing* since September 2002. B.S. and M.B.A., University of Santa Clara. Previously: Senior Marketing Manager at the California Lottery (1996-2002); various marketing positions for private sector corporations and advertising agencies.

Bruce D. Gilbertson, *Director of Financing* since July 2004. B.S., California State University, Sacramento. Previously: Comptroller from October 1996 until October 2004; Financing Officer from January 1994 until September 1996; Mortgage Loan Accounting Administrator from February 1988 until December 1993; held various accounting positions with the California State Department of Transportation (1978-1988).

Michael S. Howland, *Chief Information Officer* since February 2005. B.S., San Diego State University. Previously: Assistant Deputy Director, CIO, Office of Technology and Innovation, Department of Managed Health Care (2001-2005); Deputy Director, Program Planning and Performance Division, California Department of Social Services (2000); Deputy Director, CIO, Information Systems Division, California Department of Social Services (1991-1999); Division Chief, Automated Administration Division, Administration Branch, Employment Development Department (1987-1991); also worked as a consultant in the private sector (2000).

Timothy Hsu, *Financing Risk Manager* since January 2005. B.A. Wesleyan University. Previously: Vice President at a major Wall Street investment bank (2003-2004); Financing Officer (2002); Senior Consultant at a leading quantitative consultancy (1995-2001). He earned the Chartered Financial Analyst designation in 2007, and he earned the Financial Risk Manager designation in 2008.

Thomas C. Hughes, *General Counsel* since February 2001. B.A., State University of New York; J.D., University of the Pacific, McGeorge School of Law. Previously: private practice, Kronick, Moskovitz, Tiedemann & Girard, Sacramento (1982-2001); private practice, Iwama & Castro, Sacramento (1978-1982).

Howard Iwata, *Director of Administration* since January 2009. B.A., Political Science, U.C. Berkeley. Previously: Bureau Chief, State Controller's Office (2005-2008); Assistant Executive Director, San Francisco Bay Conservation and Development Commission (1997-2005); Division Administrative Officer, Department of Fish and Game (1991-1997); and various administrative positions for a variety of State agencies (1980-1991).

Charles K. McManus, *Director of Mortgage Insurance* since December 2006. B.A. Harvard University; M.B.A. Harvard Graduate School of Business Administration. Previously: Acting Director of Mortgage Insurance for CalHFA (May 2006); Owner McManus Financial Services (2005 to 2006); SVP Branch Operations for Home American Mortgage (2005); VP Retail Mortgage Production for Ohio Savings Bank FSB (2003-2004); SVP National Account for NCS (2002 -2003); VP Real Estate for American Invsco (2001-2002); SVP Variable Annuities for Annuity Investors Life Insurance (1995-2000); Various mortgage banking and consulting positions (1991-1994); Chief Operating Officer of Mortgage Guaranty Insurance Corporation (1980-1991); SVP Marketing of Verex Mortgage Insurance (1975-1980).

Diane Richardson, *Director of State Legislation* since January 1999. Previously: Deputy Legislative Secretary for Governor Wilson (1998); Director of Legislation for the California Environmental Protection Agency (1997); Deputy Director for Legislation and other positions, Office of Planning and Research (1983-1996); Legislative Aide, California State Assembly (1981-1983).

The position of Comptroller is currently vacant. Howard Iwata, Director of Administration is currently fulfilling the day-to-day duties of the Comptroller as Acting Director of Fiscal Services.

The position of Director of Homeownership Programs is currently vacant. The function of the Director of Homeownership Programs is being performed by an experienced person under contract to the Agency. This position must ultimately be filled by appointment by the Governor.

The Agency's principal office is located at 1415 L Street, Suite 500, Sacramento, California 95814, (916) 322-3991.

THE PROGRAM

The Program consists of the Agency's financing of Mortgage Loans, consisting of Single Family Loans, Multifamily Loans, and General Program Loans. The purposes of the Program include (i) providing downpayment assistance in the form of deferred payment second lien loans at below-market interest rates to low and moderate income home buyers purchasing newly constructed and existing, moderately priced, single family homes who are eligible under the Agency's Home Mortgage Purchase Program (described below under "Other Programs of the Agency — Homeownership Program") and (ii) providing construction loan financing, lender loan financing, bridge loan financing and permanent financing to certain multifamily rental developments consisting of five or more dwelling units. The primary objectives of the Program are, (1) in the case of the financing of Single Family Loans, (i) to enable low and moderate income persons and families to purchase homes on affordable terms; (ii) to make available home mortgage financing in mortgage deficient areas; and (iii) to stimulate the housing construction industry by making attractive permanent mortgage financing available through Lenders, home builders and developers; (2) in the case of the financing of Multifamily Loans, (i) to make available to low and very low income persons quality rental housing at affordable rents and (ii) to stimulate the housing construction industry by making attractive construction and permanent mortgage financing available to developers; and (3) in the case of General Program Loans, to support the activities of the Agency generally.

Single Family Loans currently in the portfolio were originated under the Program pursuant to either the CHAP Program or the Hi-CAP Program. The CHAP Program is available on a statewide basis, but currently is available only in conjunction with loans guaranteed by the Federal Housing Administration of the Department of Housing and Urban Development of the United States of America or any successor agency of the United States of America ("FHA"). The current maximum amount of any CHAP Program loan is 3% of the sales price of the home or the appraised value, whichever is less. The Hi-CAP Program is available in counties within the State that (1) are underserved by Agency loans made available under the Home Mortgage Purchase Program as described herein, (2) are designated as Agency high cost areas, (3) have high employment demand, and (4) have a disparity between incomes and sales prices. The current maximum amount of any Hi-CAP Program loan is \$15,000. Single Family Loans are generally 30- or 35-year mortgage loans which do not pay current interest, but which accrue interest at a non-compounding rate during the term of the loan. Principal of and interest on the Single Family Loans is due and payable upon the earliest of (i) the date on which the first

mortgage loan with respect to the property securing such Single Family Loan becomes due and payable; (ii) the date on which the first mortgage loan with respect to the property securing such Single Family Loan is paid in full or refinanced; or (iii) the date on which the property securing such Single Family Loan is sold. Each Single Family Loan will bear interest at the fixed rate being offered to borrowers pursuant to the Program at the time of reservation of such Single Family Loan. Under the Indenture, the Agency is permitted to enforce Single Family Loans in any manner determined by the Agency.

The Code and other applicable law impose substantial requirements with respect to bonds issued to finance single family owner-occupied housing or multifamily rental housing or issued to refund bonds that were issued for either such purpose, including income limits for tenants or borrowers, sales price limits for residences, and certain other requirements. These requirements must be satisfied with respect to each Series of Tax-Exempt Bonds in order for interest on such Bonds to be excluded from gross income for federal income tax purposes. The Agency has structured the Program to comply with such requirements and has established procedures under which the Agency expects such requirements to be met.

Each Single Family Loan will be purchased pursuant to and in accordance with a Mortgage Purchase and Servicing Agreement between the Agency and each Lender. Single Family Loans will be serviced by the Agency. Such Mortgage Purchase and Servicing Agreements contain certain Lender representations, warranties and covenants with respect to each mortgage loan made thereunder, including that the factual circumstances concerning the mortgage loan conform to the requirements of Section 143, if applicable, unless the Agency approves an exception to such requirements. Under certain circumstances, in the event that any one or more of the representations made by a Borrower or a Lender is untrue as to any Single Family Loan, or in the event of any default or breach by a Lender of the terms and conditions of the Mortgage Purchase and Servicing Agreement or any of the Program Documents, the Lender, at the option of the Agency, must repurchase the Single Family Loan for the outstanding principal balance plus accrued interest. There can be no assurance that a Lender will be able to perform its obligation to repurchase any Single Family Loan.

The Lender is obligated to use its best efforts to originate mortgage loans in accordance with the terms of the Mortgage Purchase and Servicing Agreement, the Act, the Lenders Program Manual, applicable Program Bulletins and, unless the Agency approves an exception, Section 143, if applicable. In each case where the Lender receives or discovers information which indicates uncertainty as to compliance with Section 143, if applicable, the Lender is required to either reject the application or proceed to obtain additional information and to corroborate data sufficient to indicate compliance.

Multifamily Loans are originated under the Program to provide construction loan financing, lender loan financing, bridge loan financing and permanent financing of multifamily rental developments consisting of five or more dwelling units and intended for occupancy by persons and families of low or very low income. Multifamily Loans are secured by liens which may be of any priority, may be subject to certain encumbrances, and may be uninsured or insured. Generally, Multifamily Loans provided for purposes other than construction loan financing or permanent financing are not first-lien mortgage loans. Under the Program, the Agency may elect to use proceeds of a Series of Bonds to fund participations in Multifamily

Loans and may fund the remaining participation in any such Multifamily Loan with (i) proceeds of other Series of tax-exempt or taxable Bonds, (ii) proceeds of tax-exempt or taxable bonds issued under other indentures of the Agency, or (iii) amounts from other sources, including the Agency's unrestricted available monies.

Each Multifamily Loan will be originated pursuant to a loan agreement between the Agency and the Borrower containing certain Borrower representations, warranties and covenants with respect to such Multifamily Loan and the Development financed therewith, including, if applicable, that the factual circumstances concerning such Mortgage Loan and such Development conform to the requirements of Section 142(d) of the Code. The Agency will also generally enter into and cause to be recorded a Regulatory Agreement encumbering the real property on which such Development is located requiring the Borrower to operate the development in conformity with applicable laws, regulations and Program requirements including, if applicable, the requirements of Section 142(d).

OTHER PROGRAMS OF THE AGENCY

In addition to the Program, the Agency is currently operating the financing programs described below. Information relating to obligations issued and outstanding with respect to the Program and other financing programs of the Agency is set forth under Appendix B to this Part 2.

Multi-Family Programs

Multifamily Housing Revenue Bond II Program. The Multifamily Housing Revenue Bond II Program provides for the construction and/or permanent financing of loans insured by FHA or that underlie a mortgage-backed security for multifamily housing developments through the issuance of Multifamily Housing Revenue Bonds II. The Multifamily Housing Revenue Bonds II are general obligations of the Agency. The Agency has not issued bonds under the Multifamily Housing Revenue Bonds II Indenture since 1996 and currently does not expect to issue bonds thereunder.

Multifamily Housing Revenue Bond III Program. The Multifamily Housing Revenue Bond III Program provides for the construction and/or permanent financing of uninsured loans, loans insured by FHA or loans that underlie a mortgage-backed security for multifamily housing developments through the issuance of Multifamily Housing Revenue Bonds III. The Multifamily Housing Revenue Bonds III are general obligations of the Agency.

Affordable Multifamily Housing Revenue Bonds Indenture. The Agency developed this indenture in connection with the New Issue Bond Program sponsored by Fannie Mae, Freddie Mac, the Federal Housing Finance Agency and the United States Department of the Treasury ("Treasury") as part of the program for housing finance agencies announced by Treasury on October 19, 2009 (the "HFA Initiative"). Proceeds of bonds issued under this indenture will provide for the construction and/or permanent financing of loans insured by FHA or that underlie a mortgage-backed security for multifamily housing developments. The Affordable Multifamily Housing Revenue Bonds are limited obligations of the Agency. The Agency expects to issue an

initial series of approximately \$380 million of Affordable Multifamily Housing Revenue Bonds in December 2009, for settlement in January 2010, and to apply the proceeds of such bonds, together with any additional Affordable Multifamily Housing Revenue Bonds to be issued in 2010, to the funding of loans in the future.

Homeownership Program

The Home Mortgage Purchase Program provides funds for the Agency to purchase eligible mortgage loans, and mortgage-backed securities backed by such mortgage loans, secured by first mortgage liens on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lenders through the issuance of Home Mortgage Revenue Bonds and Single Family Mortgage Bonds II. Home Mortgage Revenue Bonds and Single Family Mortgage Bonds II are separately secured from each other. Certain of the subordinate Single Family Mortgage Bonds II are general obligations of the Agency. Mortgage loans purchased under this program (other than certain of such mortgage loans underlying mortgage-backed securities) will be insured either by FHA, the Insurance Fund, the VA or a private mortgage guaranty insurance policy covering a loss of up to 50% of the outstanding principal amount of the mortgage loans.

Residential Mortgage Revenue Bonds Indenture. On November 9, 2006, the Board of the Agency approved the form of the Residential Mortgage Revenue Bonds Indenture. The Agency expects use this indenture in connection with the New Issue Bond Program sponsored by Fannie Mae, Freddie Mac, the Federal Housing Finance Agency and Treasury as part of the HFA Initiative. Proceeds of bonds issued under this indenture are expected to be used to purchase mortgage-backed securities secured by mortgage loans on newly-constructed or existing single-family homes, condominiums, planned unit developments, and manufactured housing permanently attached to the land. The Residential Mortgage Revenue Bonds are limited obligations of the Agency. The Agency expects to issue an initial series of approximately \$1.016 billion of Residential Mortgage Revenue Bonds in December 2009, for settlement in January 2010, and to apply the proceeds of such bonds, together with proceeds of approximately \$677 million of additional Residential Mortgage Revenue Bonds to be issued in 2010, to the purchase of mortgage-backed securities in the future.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE

The following statements are brief summaries, which do not purport to be comprehensive, of certain provisions of the General Indenture. Certain important terms are defined below; other terms used in the following summary are defined in the Indenture.

Certain Defined Terms

“Account” or “Accounts” means one or more of the special trust accounts created and established pursuant to the Indenture.

“Accountant” means any certified public accountant or firm of public accountants (who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the Agency) from time to time selected by the Agency.

“Acquired Development” means a Development constructed, owned, operated or administered by the Agency by reason of the Agency’s obtaining possession thereof when the Borrower Loan with respect thereto is a Defaulted Loan.

“Acquired Development Account” means the Account so designated which is created and established by the General Indenture.

“Acquired Development Expense Requirement” means such amount of money as may, from time to time, be determined by an Agency Certificate to be necessary for the payment or as a reserve for the payment of any costs and expenses incurred in connection with all Acquired Developments.

“Acquired Development Receipts” means all moneys received by the Agency in connection with Acquired Developments.

“Acquisition Account” means the Account so designated, which is created and established in the Program Fund by the General Indenture.

“Accreted Value” means, with respect to any particular Bond as of any given date of calculation, an amount equal to the sum of (i) the principal amount of such Bond, plus (ii) any interest thereon that has been compounded, i.e., any interest amount that is itself then bearing interest, all determined as of such date.

“Act” means the Zenovich-Moscone-Chacon Housing and Home Finance Act, constituting Division 31 of the Health and Safety Code of the State, and all laws supplementary thereto and amendatory thereof.

“Additional Bonds” means Bonds authenticated and delivered pursuant to the General Indenture.

“Agency Certificate” means as the case may be, a document signed by an Authorized Officer either (a) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (b) setting forth matters to be determined by such Authorized Officer pursuant to the Indenture.

“Agency Payment Account” means any Account so designated which is created and established with respect to Bonds in accordance with the General Indenture.

“Agency Request” means a written request or direction of the Agency signed by an Authorized Officer.

“Aggregate Principal Amount” means, as of any date of calculation for any particular Bonds, the principal amount or Accreted Value of such Bonds, as specified by the related Series Indenture.

“Amortized Value” means, when used with respect to an Investment Obligation purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Obligation was purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (a) in the case of an Investment Obligation purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of an Investment Obligation purchased at a discount, by adding the product thus obtained to the purchase price.

“Authorized Officer” means the Chairperson, the Executive Director, a Deputy Director or the Director of Financing of the Agency, any person designated, in writing, by the Chairperson, the Executive Director, a Deputy Director or the Director of Financing as an Authorized Officer, or any other person authorized by resolution of the Agency to act as an Authorized Officer under the General Indenture.

“Bond” or “Bonds” means any of the California Housing Finance Agency Housing Program Bonds authorized and issued under the General Indenture, including any Additional Bonds or Refunding Bonds.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Agency.

“Bondholder” or “Holder” or “Holder of Bonds” or “Owner” or similar term, when used with respect to a Bond or Bonds, means the registered owner of any Outstanding Bond.

“Bond Payment Date” means, for any particular Bonds, each date on which interest or a Principal Installment or both are payable on any of such Bonds, and unless limited, means all such dates.

“Bond Purchase Fund” means a Fund so designated, which is created and established by a Series Indenture.

“Bond Registrar” means the Trustee or any bank, trust company or national banking association, if and to the extent appointed as Bond Registrar under the General Indenture, and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other Person at any time substituted in its place as Bond Registrar pursuant to the Indenture.

“Bond Year” means, with respect to any given Bonds, the twelve-month period designated as such by the related Series Indenture, except that the first Bond Year for any Bonds may commence on the date of issuance thereof and end on such date as may be specified by such Series Indenture.

“Borrower” means the owner of a Development and the direct or indirect obligor on a Borrower Loan.

“Borrower Loan” means a loan made, purchased or otherwise acquired with the proceeds of Bonds or otherwise from amounts on deposit in the Acquisition Account, with the proceeds of a Lender Loan or a Local Agency Loan or through a Mortgage-Backed Security, for the construction or permanent financing of one or more Developments, or a participation in such a loan.

“Business Day” means, except as otherwise provided in a Series Indenture with respect to the related Bonds, any day (a) on which banks in the State of New York or in the cities in which the respective principal offices of the Paying Agent, the Bond Registrar and the Trustee are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open.

“Chairperson” means the Chairperson of the Board of Directors of the Agency.

“Code” means the Internal Revenue Code of 1986, and the regulations of the United States Treasury Department promulgated thereunder.

“Compound Interest Bonds” means any Bond of a Series, tenor and maturity so designated in the related Series Indenture, for which certain determinations under the General Indenture are made on the basis of Accreted Value rather than principal amount.

“Corporate Trust Office” means, when used with respect to any Fiduciary, the corporate trust office of such Fiduciary at which at any particular time the Indenture is being administered; *provided, however*, for transfer, registration, exchange, payment and surrender of Bonds, such term means care of the corporate trust office of the Trustee in St. Paul, Minnesota or such other office designated by the Trustee from time to time.

“Cost of Issuance Account” means the Account so designated, which is created and established within the Program Fund by the General Indenture.

“Costs of Issuance” means the items of expense payable or reimbursable directly or indirectly by the Agency and other costs incurred by the Agency, all related to the authorization, sale and issuance of Bonds and the establishment of the Program, which costs and items of expense will include, but not be limited to, underwriters’ compensation, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software related to the Bonds, filing and recording fees, travel expenses incurred by the Agency in relation to such issuance of Bonds or for the Program, initial fees and charges of the Trustee, the Bond Registrar and the Paying Agent, premiums with respect to liquidity facilities and insurance required by the Indenture to be paid by the Agency or by the Trustee, legal fees and charges, professional consultants’ fees, accountants’ fees, costs of bond ratings, and fees and charges for execution, transportation and safekeeping of the Bonds.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Agency or an attorney or firm of attorneys retained by the Agency in other connections) licensed to practice in the state in which such attorney or firm of attorneys maintains an office, selected from time to time by the Agency.

“Debt Service Fund” means the Fund so designated which is created and established by the General Indenture.

“Debt Service Payment” means, when used with respect to any Bond Payment Date, the sum of the (a) interest, if any, and (b) Principal Installments, if any, due and payable on such date with respect to the Bonds referred to.

“Debt Service Reserve Fund” means the Fund so designated, which is created and established by the General Indenture.

“Debt Service Reserve Fund Requirement,” with respect to each Series, will have the meaning set forth in the related Series Indenture.

“Deed of Trust” means a deed of trust or other instrument which constitutes a lien on real property and improvements thereon and secures the obligation to repay a Borrower Loan.

“Defaulted Loan” means any Multifamily Loan described in an Agency Certificate and stated to be in default in accordance with its terms.

“Defeasance Obligations” means Investment Obligations that are described in clauses (a) or (b) of the definition of Investment Obligations and are not subject to redemption by the issuer thereof prior to their maturity.

“Depository” means any bank, trust company, or savings and loan association (including any Fiduciary) selected by the Agency as a depository of moneys, Mortgage Loans or Investment Obligations held under the provisions of the Indenture, and its successor or successors.

“Deputy Director” means a Deputy Director of the Agency.

“Development” means any housing development, multifamily rental housing or mobilehome park (as those terms are used in the Act), financed by one or more Multifamily Loans made, purchased or otherwise acquired with the proceeds of Bonds or otherwise from amounts on deposit in the Acquisition Account.

“Director of Financing” means the Director of Financing of the Agency.

“Escrow Payment” means all payments made by or on behalf of the obligor of a Mortgage Loan in order to obtain or maintain mortgage insurance or guaranty coverage of, and fire and other hazard insurance with respect to, a Mortgage Loan, and any payments required to be made with respect to such loan for taxes, other governmental charges and other similar charges required to be escrowed under the Mortgage Loan.

“Event of Default” means any of those events defined as Events of Default by the General Indenture.

“Executive Director” means the Executive Director of the Agency.

“Fiduciary” or “Fiduciaries” means the Trustee, the Bond Registrar, the Paying Agent or a Depository or any or all of them, as may be appropriate.

“Fiduciary Expenses” means the fees and expenses of Fiduciaries, except Servicing Fees payable to such Persons.

“Fiscal Year” means a period beginning on July 1 in any year and ending June 30 of the immediately succeeding year or such other twelve month period as may be adopted by the Agency in accordance with law.

“Fund” or “Funds” means one or more of the special trust funds created and established pursuant to the Indenture.

“General Program Loan” means a loan made, purchased or otherwise acquired by the Agency pursuant to and in accordance with the Act with the proceeds of Bonds or otherwise from amounts on deposit in the Acquisition Account or with the proceeds of a loan made by the Agency, or a participation in such a loan, other than a Single Family Loan or a Multifamily Loan.

“Government” means the United States of America and any agency or instrumentality thereof.

“Hedging Instrument” means any interest rate, currency or cash-flow swap agreement, interest rate cap, floor or option agreement, forward payment conversion agreement, put, call or other agreement or instrument to hedge payment, interest rate, spread or similar exposure; which in each case is designated by the Agency as a Hedging Instrument under the General Indenture. Each Hedging Instrument will meet the requirements of the General Indenture.

“Home” means real property and improvements thereon consisting of up to four dwelling units and which is owned by a Mortgagor who occupies or intends to occupy one of such units, including a condominium unit or a unit in a cooperative housing corporation (as defined in Section 216 of the Code) where the occupant is a tenant-stockholder (as defined in Section 216 of the Code).

“Home Improvement Loan” means a loan for the financing of rehabilitation or repairs and improvements to a Home, and which is made pursuant to and in accordance with the Act and the Program.

“Home Mortgage” means a loan, or a portion of or participation in a loan, theretofore, or thereupon being, purchased or made by the Agency with respect to a Home pursuant to and in accordance with the Act and the Program, from moneys in the Program Fund.

“Indenture” means the General Indenture and all Series Indentures and Supplemental Indentures made in accordance with its terms.

“Interest Payment Date” means, for any particular Bonds, any date upon which interest on such Bonds is due and payable in accordance with the related Series Indenture.

“Interest Reserve Account” means the Account so designated, which is created and established within the Debt Service Reserve Fund by the General Indenture.

“Investment Obligations” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Agency’s funds:

(a) Direct obligations of, or obligations which are guaranteed by the full faith and credit of, the United States of America;

(b) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following, provided that they are backed by the full faith and credit of the United States of America: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association (excluding mortgage strip securities, principal strips valued greater than par and interest obligation strips); Farmers Home Administration; Federal Home Loan Mortgage Corporation (including participation certificates only if they guarantee timely payment of principal and interest); Government National Mortgage Association; Federal Financing Bank; or Federal Housing Administration, or, in each case, any successor federally sponsored association or agency;

(c) Repurchase agreements with depositories, acting as principal or agent, for securities described in (a) and (b) above, if such securities are delivered to the Trustee or are supported by a safe-keeping receipt issued by a qualified Depository (A) rated by each Rating Agency sufficiently high to maintain the then current rating on any Bonds then rated by such Rating Agency or (B) collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency in order to maintain the then current rating on any Bonds then rated by such Rating Agency;

(d) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by requisition or payment agreement with the United States of America and having a rating from each Rating Agency sufficiently high to maintain the then current rating on any Bonds then rated by such Rating Agency;

(e) Obligations of Investment Providers under investment agreements approved in a Series Indenture or other investment agreements having substantially similar terms;

(f) Units of a money market fund comprised solely of obligations guaranteed by the full faith and credit of the United States of America or fully secured by such obligations which fund is rated by each Rating Agency sufficiently high to maintain the then current rating on any Bonds then rated by such Rating Agency;

(g) Certificates of deposit, interest-bearing time deposits, or other similar banking arrangements, including investment agreements, with a bank or banks (i) rated by each Rating

Agency sufficiently high to maintain the then current rating on any Bonds then rated by such Rating Agency or (ii) collateralized in such manner to meet all requirements for collateralized agreements of each Rating Agency in order to maintain the then current rating on any Bonds then rated by such Rating Agency;

(h) Units of a money market mutual fund which has a rating from each Rating Agency sufficiently high to maintain the then current rating on any Bonds then rated by such Rating Agency;

(i) Deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act, or any successor fund thereto; and

(j) Any other securities, if and to the extent the same are at the time legal for investment of any of the Agency's funds.

"Investment Providers" means any commercial bank or trust company, bank holding company, investment company, insurance company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), whose unsecured long-term debt rating by each Rating Agency then rating the Bonds is sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or the equivalent of such rating by virtue of guarantees or insurance arrangements, which Investment Providers will be approved by the Agency for the purpose of providing investment agreements.

"Investment Revenues" means amounts earned on investments (other than Mortgage Loans) credited to any Fund or Account pursuant to the Indenture (including gains upon the sale or disposition of such investments), except the Rebate Requirement.

"Lender" means a financial institution or public agency which borrows money from the Agency in order to make, purchase or otherwise acquire a Borrower Loan.

"Lender Loan" means a loan made by the Agency to a Lender to finance one or more Borrower Loans, or a participation in such a loan made to a Lender.

"Local Agency Loan" means a loan made by the Agency pursuant to and in accordance with the Act to a local agency to finance one or more Borrower Loans, Home Mortgages or Home Improvement Loans or for such other purposes as may be determined by the Agency in accordance with the Act, or a participation in such a loan made to a local agency.

"Mortgage" means a deed of trust, mortgage or other similar instrument or instruments creating a lien on real property and/or the improvements thereon securing a Single Family Loan, or, in the case of a Mortgage related to a cooperative housing corporation (as defined in Section 216 of the Code), creating a security interest in the Mortgagor's stock perfected by possession.

"Mortgage-Backed Security" means a pass-through certificate, mortgage participation certificate or other mortgage-backed security issued by or in the name of, and guaranteed as to timely payment of principal and interest by, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association or, in each case, any successor federally sponsored association or agency, or any other issuer of such a

pass-through certificate, mortgage participation certificate or other mortgage-backed security determined by the Agency, registered or recorded in book-entry form in the name of the Trustee or the Agency, and backed by or representing an undivided interest in one or more Borrower Loans, Lender Loans, Local Agency Loans, Home Mortgages or Home Improvement Loans, or a participation interest in any of the foregoing types of securities.

“Mortgage Lender” means a bank, trust company, savings and loan association, mortgage banker or other financial institution authorized to transact business in the State and deemed eligible by the Agency to participate as a seller of Mortgage Loans to the Agency or to service Mortgage Loans for the Agency, or the Agency to the extent permitted by law.

“Mortgage Loan” means a Single Family Loan, a Multifamily Loan or a General Program Loan.

“Mortgage Purchase Agreement” means a written agreement between a Mortgage Lender and the Agency providing for the purchase of a Mortgage Loan by the Agency, including any related supplements and any documents incorporated by reference therein.

“Mortgage Repayments” means, with respect to any Single Family Loan, the amounts received by or for the account of the Agency as scheduled payments of principal and interest on such Mortgage Loan by or on behalf of the Mortgagor and does not include Prepayments, Servicing Fees or Escrow Payments.

“Mortgagor” means the maker of, and any other party obligated on, a note in connection with the acquisition or rehabilitation of a Home through the borrowing of money pursuant to a Mortgage Loan.

“Multifamily Loan” means a Borrower Loan, a Lender Loan, a Local Agency Loan made to finance one or more Borrower Loans or a Mortgage-Backed Security backed by or representing an undivided interest in one or more Borrower Loans, Lender Loans or Local Agency Loans made to finance one or more Borrower Loans, or a participation interest therein.

“Note” means an instrument evidencing a Borrower’s obligation to repay a Borrower Loan.

“Notice Parties” means the Agency, the Trustee, the Bond Registrar, each Rating Agency and the Paying Agent and, with respect to any notice delivered with respect to Bonds of a Series, any Remarketing Agent, Tender Agent, liquidity facility provider or credit enhancement provider for the related Bonds.

“Outstanding” means, when used with respect to all Bonds as of any date, all Bonds theretofore authenticated and delivered under the General Indenture except:

(a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there will be held in trust under the General Indenture and set aside for such payment or

redemption, moneys and/or Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which will have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

(c) any Bond in lieu of or in exchange for which another Bond will have been authenticated and delivered pursuant to the Indenture; and

(d) any Bond deemed to have been paid as provided in the General Indenture.

“Paying Agent” means the bank, trust company or national banking association, appointed as Paying Agent under the General Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Paying Agent pursuant to the Indenture.

“Person” means an individual, partnership, corporation, trust or unincorporated organization or a government or any agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“Prepayment” means any moneys received or recovered by or for the account of the Agency from any unscheduled payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Mortgage Loan, but excluding any Servicing Fees with respect to the collection of such moneys) on any Mortgage Loan prior to the scheduled payments of principal called for by such Mortgage Loan, whether (a) by voluntary prepayment made by the mortgagor or (b) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof or (c) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Agency or (d) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Agency or by any other proceedings taken by the Agency.

“Principal Installment” means, as of any date of calculation, and for any Bond Payment Date, (a) the scheduled principal amount or Accreted Value of all Bonds due and payable on such Bond Payment Date, plus (b) any Sinking Fund Installments due and payable on such Bond Payment Date.

“Program” means, collectively, the Agency’s programs which the Agency has determined to implement in accordance with the Act and the Indenture.

“Program Documents” means the various agreements pursuant to which the Agency implements the Program, as such Program Documents now exist or as they may exist at any time in the future.

“Program Expenses” means all the Agency’s expenses of administering the Program under the Indenture and the Act and will include without limiting the generality of the foregoing; salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus (including information processing equipment), software, insurance premiums, legal, accounting, management, consulting and banking services and expenses, Fiduciary Expenses, Costs of Issuance not paid from proceeds of Bonds, payments to pension, retirement, health and hospitalization funds and any other such expenses required or permitted to be paid by the Agency.

“Program Fund” means the Fund so designated, which is created and established by the General Indenture.

“Rating Agency” means, at any particular time, any nationally recognized credit rating service designated by the Agency, if and to the extent such service has at the time one or more outstanding ratings of Bonds. The Agency will at all times have designated at least one such service as a Rating Agency under the General Indenture.

“Rebate Account” means the Account so designated, which is created and established in the Revenue Fund by the General Indenture.

“Rebate Requirement” means the amount of arbitrage profits earned from the investment of gross proceeds of Tax-Exempt Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as “Rebate Amount” in Section 1.148-3 of the Treasury Regulations, which is payable to the United States at the times and in the amounts specified in such provisions.

“Record Date” means, except as otherwise provided in a Series Indenture, with respect to each Bond Payment Date, the Bond Registrar’s close of business on the fifteenth day of the month immediately preceding such Bond Payment Date or, if such date is not a Business Day, the next preceding day which is a Business Day (or the Business Day next preceding such Bond Payment Date in the case of Bonds bearing interest at a variable rate); and, in the case of each redemption, such Record Date will be specified by the Bond Registrar in the notice of redemption, provided that such Record Date will not be less than fifteen (15) calendar days before the mailing of such notice of redemption.

“Redemption Fund” means the Fund so designated, which is created and established by the General Indenture.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount or Accreted Value of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof as determined by the Series Indenture authorizing the related Series of Bonds.

“Related” (whether capitalized or not) means, with respect to any particular Bond, Series, Series Indenture, Supplemental Indenture, Fund, Account, Mortgage Loan, Mortgage Repayment or Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to the same Series, as the case may be.

“Revenue Account” means the Account so designated, which is created and established in the Revenue Fund by the General Indenture.

“Revenue Fund” means the Fund so designated, which is created and established by the General Indenture.

“Revenues” means the following:

(1) with respect to Single Family Loans (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments with respect thereto, (b) Investment Revenues with respect thereto, and (c) all other payments and receipts received by the Agency with respect thereto, but will not include (i) Escrow Payments, (ii) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Home, (iii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iv) any commitment, reservation, extension, or application fees charged by the Agency in connection with a Single Family Loan or Mortgage Purchase Agreement, (v) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Single Family Loan or (vi) accrued interest received in connection with the purchase of any Investment Obligations, in each case as and to the extent determined by the Agency and pledged pursuant to a Series Indenture or a Supplemental Indenture; and

(2) with respect to Multifamily Loans, amounts received by the Agency or the Trustee (a) as or representing payment or recovery of the principal of or interest on any Multifamily Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Multifamily Loan and paid from any source (including both timely and delinquent payments and any late charges) and Prepayments, (b) Investment Revenues with respect thereto, (c) any fees paid with respect to any Multifamily Loan and expressly designated for deposit under the Indenture, (d) amounts paid under any Deed of Trust or other Multifamily Loan document as damages or reimbursement of expenses or otherwise, (e) all Acquired Development Receipts, and (f) all amounts so designated by any Series Indenture and required by such Series Indenture to be deposited in the Revenue Account, but will not include (i) any amounts representing reimbursement to the Agency of advances of principal or interest or expenses incurred by the Agency in connection with the collection or recovery of principal of, or interest on, or other amounts due under, any Multifamily Loan, (ii) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development, (iii) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency or (iv) amounts deposited in an Agency Payment Account, in each case as and to the extent determined by the Agency and pledged pursuant to a Series Indenture or a Supplemental Indenture; and

(3) with respect to General Program Loans, amounts received by the Agency or the Trustee (a) as or representing payment or recovery of the principal of or interest on any General Program Loan, including, without limiting the generality of the foregoing,

scheduled payments of principal and interest on any General Program Loan and paid from any source (including both timely and delinquent payments and any late charges) and Prepayments, (b) Investment Revenues with respect thereto, (c) any fees paid with respect to any General Program Loan and expressly designated for deposit under the Indenture, (d) amounts paid under any deed of trust or other loan document as damages or reimbursement of expenses or otherwise, (e) all moneys received by the Agency in connection with projects financed through a General Program Loan constructed, owned, operated, or administered by the Agency by reason of the Agency's obtaining possession thereof, and (f) all amounts so designated by any Series Indenture and required by such Series Indenture to be deposited in the Revenue Account, but will not include (i) any amounts representing reimbursement to the Agency of advances of principal or interest or expenses incurred by the Agency in connection with the collection or recovery of principal of, or interest on, or other amounts due under, any General Program Loan, (ii) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged project financed through a General Program Loan, (iii) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency or (iv) amounts deposited in an Agency Payment Account, in each case as and to the extent determined by the Agency and pledged pursuant to a Series Indenture or a Supplemental Indenture; and

(4) such other amounts as may be determined by the Agency and pledged pursuant to a Series Indenture or a Supplemental Indenture, which amounts may include amounts received by the Agency or the Trustee under any Hedging Instrument.

"Risk Sharing Act" means Section 542(c) of the Housing and Community Development Act of 1992, as may be amended from time to time, and any regulations issued thereunder, including 24 CFR Part 266.

"Risk Sharing Insurance Payments" means amounts paid by HUD under the Risk Sharing Act representing initial claim payments (less any delinquent mortgage insurance premiums, late charges and interest or other amounts as may be assessed by HUD) in connection with an insurance claim with respect to a Multifamily Loan.

"Risk Sharing Reimbursement" means moneys which, under the regulations applicable to the loan insurance provided pursuant to the Risk Sharing Act, are required to be paid to HUD following HUD's payment of an insurance claim with respect to a Multifamily Loan, including but not limited to: (a) that portion of an initial claim payment by HUD in excess of the amount necessary to retire Bonds which financed or are deemed by the Agency to have financed the related Multifamily Loan; (b) Multifamily Loan payments by a Borrower after payment of an insurance claim by HUD with respect to such Multifamily Loan, up to an amount equal to that amount due to HUD; and (c) that portion of the proceeds from the foreclosure of the related Multifamily Loan equal to the amount due to HUD.

"Series" means and refers to all of the Bonds designated as such in the related Series Indenture, regardless of variations in dated date, maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Indenture and the related Series Indenture.

“Series Indenture” means a Supplemental Indenture authorizing a Series and delivered pursuant to the General Indenture.

“Servicing Fees” means (a) any fees paid to or retained by a Mortgage Lender in connection with the servicing obligations undertaken by the Mortgage Lender in accordance with the related Mortgage Purchase Agreement and (b) any fees retained by the Agency with respect to Mortgage Loans owned and serviced by the Agency.

“Short Term Bond Proceeds Account” means the Account so designated, which is created and established in the Program Fund by the General Indenture.

“Short Term Bonds” means (i) Bonds the interest rate on which is not fixed to maturity and which are designated as Short Term Bonds, provided that upon conversion of such Bonds to Bonds the interest rate on which is fixed to maturity, such Bonds will be designated as Short Term Bonds only to the extent provided in the related Series Indenture or conversion Supplemental Indenture, and (ii) Bonds the interest rate on which is fixed to a short-term maturity, the proceeds of which will not be used to purchase Mortgage Loans prior to such maturity, and which are designated Short Term Bonds.

“Short Term Bond Sinking Fund Installment” means the amount designated for any particular due date for the retirement of Short Term Bonds, as set forth in the related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Short Term Bond Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the General Indenture.

“Single Family Loan” means a Home Mortgage, a Home Improvement Loan, a Local Agency Loan made to finance one or more Home Mortgages or Home Improvement Loans or a Mortgage-Backed Security backed by or representing a participation interest in one or more Home Mortgages, Home Improvement Loans or Local Agency Loans made to finance one or more Home Mortgages or Home Improvement Loans, or a participation interest therein.

“Sinking Fund Installment” means the amount designated for any particular due date in the related Series Indenture for the retirement of Bonds on an unconditional basis, less any amount credited pursuant to the General Indenture.

“Special Redemption Account” means the Account so designated, which is created and established in the Redemption Fund by the General Indenture.

“State” means the State of California.

“Supplemental Indenture” means any supplemental indenture (including a Series Indenture) approved by the Agency in accordance with the General Indenture amending or supplementing the Indenture.

“Taxable Bonds” means Bonds the interest on which is not intended to be excluded from gross income of the owner thereof for federal income tax purposes.

“Tax-Exempt Bonds” means Bonds the interest on which is intended to be excluded from gross income of the owner thereof for federal income tax purposes.

“Tax-Exempt Status” means the exclusion of interest on any of the Tax-Exempt Bonds from the gross income of the recipient thereof for federal income tax purposes.

“Trustee” means the bank, trust company or national banking association, appointed as trustee under the General Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Trustee pursuant to the Indenture.

“Unrelated” (whether capitalized or not) means not “related,” within the meaning of that term as defined in the Indenture.

Funds and Accounts Established by the Indenture

The Indenture establishes the following Funds and Accounts as special trust funds:

- (i) the Program Fund, consisting of:
 - (A) the Acquisition Account;
 - (B) the Short Term Bond Proceeds Account;
 - (C) the Cost of Issuance Account; and
 - (D) the Acquired Development Account;
- (ii) the Revenue Fund, consisting of:
 - (A) the Revenue Account, which may include a Hedging Instruments Receipts Account; and
 - (B) the Rebate Account;
- (iii) the Debt Service Reserve Fund, which will include the Interest Reserve Account;
- (iv) the Debt Service Fund, which may include an Agency Payment Account, which may include a Hedging Instruments Payments Account;
- (v) the Short Term Bond Debt Service Fund, which may include an Agency Payment Account;
- (vi) the Redemption Fund, which will include the Special Redemption Account.

All the Funds and Accounts listed above, other than the Debt Service Fund and the Short Term Bond Debt Service Fund, and any Agency Payment Accounts therein, will be held by the Agency in trust for application only in accordance with the provisions of the Indenture; *provided* that upon the occurrence and continuance of an Event of Default or as may be determined by the

Agency, such Funds and Accounts will be transferred to and held by the Trustee. The Debt Service Fund and the Short Term Bond Debt Service Fund, and any Agency Payment Accounts therein, will be held by the Trustee in trust for application only in accordance with the provisions of the Indenture.

Subaccounts will be created for each Series in each applicable fund and account described in the Indenture. Except as otherwise provided in the Indenture (including in a Series Indenture), bond proceeds and other moneys relating to a Series will be deposited in the related subaccounts created with respect to such Series.

Except as otherwise provided in a Series Indenture with respect to a Series, the Agency may reallocate moneys, investments and Mortgage Loans among Series upon delivery to the Trustee of an Agency Request specifying such reallocations. Upon delivery of such request, the Agency or the Trustee, as applicable, will transfer moneys, investments and/or Mortgage Loans (or portions thereof or interests therein) among subaccounts Related to each Series as requested. Mortgage Loans reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Mortgage Loans are being reallocated, if such Mortgage Loans at the time of their original acquisition by the Agency met the requirements of the General Indenture and the applicable requirements of the Series Indenture Related to such Mortgage Loans at the time of their purchase.

Program Fund; Acquisition Account

There will be paid into the related subaccount of the Acquisition Account established within the Program Fund the respective amount of the proceeds of the Bonds (other than Short Term Bonds) and other moneys specified in each Series Indenture and any other amounts transferred pursuant to the General Indenture. There will be paid into the related subaccount of the Short Term Bond Proceeds Account established within the Program Fund the respective amount of the proceeds of the Short Term Bonds and other moneys specified in each Series Indenture and any amounts transferred pursuant to the General Indenture. There may also be paid into the Program Fund, at the option of the Agency, any moneys received by the Agency from any other source, unless required to be otherwise applied as provided by the Indenture.

Except as otherwise required or permitted by the General Indenture, Mortgage Loans made or purchased in connection with a Series will be allocated to such Series. Mortgage Loans allocated to a Series will be held in the subaccount of the Acquisition Account which was created in connection with such Series.

Proceeds of the Bonds and other moneys deposited in the Acquisition Account may be applied (i) to make or purchase Mortgage Loans (including accrued interest thereon) in accordance with the provisions of the Indenture; *provided, however*, that (A) such Mortgage Loans must satisfy the terms and conditions set forth in the General Indenture and applicable provisions of the related Series Indenture, and (B) any Mortgage Loan may be financed by application of amounts in one or more subaccounts of the Acquisition Account and, if applicable, from other sources, and participations in a Mortgage Loan may be proportionately or disproportionately allocated to the Series for which such subaccounts were established or such other sources, subject to any applicable covenants relating to Tax-Exempt Bonds; and *provided*

further that if a Mortgage Loan is itself a participation, or is based upon a participation in a loan, the Agency will file with the Trustee at the time such Mortgage Loan is financed the agreement that specifies the terms of such participation or, if there is no such agreement, an Agency Certificate that describes the terms of such participation; or (ii) to any other purpose or purposes that are specified in the related Series Indenture.

Any moneys deposited in the Acquisition Account that the Agency certifies from time to time will not be applied in accordance with the General Indenture and the related Series Indenture will be withdrawn by the Agency on the date specified in the related Series Indenture or such other date or dates on or after such date as may be specified by the Agency, and transferred to the related subaccount of the Redemption Fund for application in accordance with the related Series Indenture; *provided, however*, that such transfer or transfers will be made on a later date as to all or any part of such moneys if the Agency will have filed with the Trustee an Agency Request specifying a later date or dates for such withdrawal, and certifying that such Agency Request is consistent with the related Series Indenture.

When no Bonds of a particular Series remain Outstanding and no related Hedging Instruments remain in effect, upon delivery to the Trustee of an Agency Request to withdraw all or any portion of the related moneys, investments and/or Mortgage Loans from the related Funds, Accounts and subaccounts, the Trustee or the Agency will make such withdrawal and will transfer such moneys, investments and/or Mortgage Loans, as the case may be, as specified in such Agency Request, subject in each case to any applicable limitations in any Series Indenture.

Acquired Development Account

If at any time the Trustee will receive an Agency Certificate in the form required by the Indenture, the Agency will charge the Acquired Development Account and pay the costs or expenses incurred in connection with an Acquired Development as specified in such certificate. Payments from the Acquired Development Account will be made upon filing with the Trustee of an Agency Certificate stating, with respect to each payment, (1) the item number of the payment, (2) the Acquired Development with respect to which payment is being made, (3) the name of the person to whom payment is to be made, (4) the amount to be paid, and (5) that the amount of such payment, when added to the amount of all previous payments made with respect to the specified Acquired Development during the current period for which an Acquired Development Expense Requirement has been established by the Agency for that Acquired Development, does not exceed such Acquired Development Expense Requirement. When the amount in the Acquired Development Account is greater than the Acquired Development Expense Requirement, the excess amount will be charged to such Account and credited to the Revenue Account.

Revenue Fund

The Agency will deposit all Revenues or cause all Revenues to be deposited promptly upon their receipt and, in any event, at least once each month as provided in the General Indenture; *provided* that Acquired Development Receipts will be credited to the Acquired Development Account. Except as otherwise provided in the General Indenture or in a Series

Indenture, all such Revenues and the Rebate Requirement will be deposited in the related subaccounts of the Revenue Fund as follows:

(i) for credit to the related subaccount of the Revenue Account, all Revenues Related to each Series; *provided* that Revenues constituting amounts received by the Agency or the Trustee under a Hedging Instrument will be deposited for credit to the related subaccount of the Hedging Instruments Receipts Account within the Revenue Account to the extent provided in a Series Indenture; and

(ii) for credit to the related subaccount of the Rebate Account, at the times directed by the Agency, the Rebate Requirement related to Tax-Exempt Bonds.

There may also be deposited in the Revenue Fund, at the option of the Agency, any other moneys of the Agency, unless required to be otherwise applied as provided by the Indenture.

Promptly upon receipt of interest on a Mortgage Loan with respect to which moneys were withdrawn from the Acquisition Account to pay for interest accrued on such Mortgage Loan at the time of purchase from a Mortgage Lender, the Agency will withdraw from the related subaccount of the Revenue Account or the related subaccount of the Agency Payment Account and transfer to the related subaccount of the Acquisition Account an amount equal to such accrued interest paid. Alternatively, accrued interest on Mortgage Loans at the time of purchase may be paid from the related subaccount of the Revenue Account or the related subaccount of the Agency Payment Account as specified by Agency Request.

On the last Business Day prior to each Bond Payment Date, or more frequently if required by a Series Indenture, the Agency will withdraw from each subaccount of the Revenue Account and deposit into the specified subaccounts of the following Funds or Accounts and will pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party (including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(A) To the Trustee for deposit into the related subaccount of the Debt Service Fund, after making any transfer into such subaccount from the Agency Payment Account permitted or required by the General Indenture, (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date upon all Bonds of the related Series then Outstanding; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on the Outstanding Bonds of the related Series on such Bond Payment Date; *provided, however*, that if such Bond Payment Date is not a date for the payment of a Principal Installment on related Bonds, such transfer will include an amount equal to one-half the amount of Principal Installments becoming due and payable on Outstanding related Bonds on the next following Bond Payment Date;

(B) Into the related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount (including the related Interest Reserve Account) to the Debt Service Reserve Fund Requirement of the related Series;

(C) To the Agency, the amount of any reasonable and necessary Fiduciary Expenses with respect to the related Series previously incurred but not reimbursed to the Agency or reasonably anticipated to be payable in the following six months; *provided, however,* that in no event will the aggregate of all Fiduciary Expenses with respect to the related Series paid directly to Fiduciaries or to the Agency under the Indenture in any Bond Year exceed any limitation set forth in the related Series Indenture;

(D) To the Agency, the amount of any reasonable and necessary Program Expenses with respect to the related Series previously incurred but not reimbursed to the Agency or reasonably anticipated to be payable in the following six months; *provided, however,* that in no event will the aggregate of such amounts paid to the Agency, plus amounts paid to the Agency with respect to such Series pursuant to subsection (C) above and plus all Fiduciary Expenses with respect to the related Series paid directly to Fiduciaries in any Bond Year exceed any limitations set forth in the related Series Indenture;

(E) Into the related subaccount of the Short Term Bond Debt Service Fund the amounts, if any, required by the related Series Indenture.

Notwithstanding the foregoing, the Agency will withdraw from each subaccount of the Revenue Account and deposit into the specified subaccounts of the specified Funds or Accounts and will pay to the specified parties the specified amounts at the specified times, as specified in the related Series Indenture or in an Agency Certificate consistent with the related Series Indenture, in such order of priority in relation to clauses (A) through (E) above as may be specified in such Series Indenture or Agency Certificate. The Agency may make any of the above transfers more frequently than on Bond Payment Dates.

Following such transfers, the balance, if any, in each subaccount of the Revenue Account, or such lesser amount thereof as will be determined by the Agency, will be applied by the Agency for the payment of Program Expenses or for any other purpose free and clear of the lien and pledge of the Indenture or transferred to the related subaccount of the Acquisition Account. Any amount in each subaccount of the Revenue Account not so applied by the Agency will be transferred to the related subaccount of the Redemption Fund and allocated among the related subaccounts of the Special Redemption Account as provided in the related Series Indenture or will be transferred and allocated as determined by the Agency, subject in each case to any requirements or limitations specified in the related Series Indenture.

Prior to, but as close as practicable to, the latest date on which the Trustee would be permitted to give notice of a redemption to occur on a Bond Payment Date from amounts deposited in the Redemption Fund pursuant to the Indenture, the Agency will calculate the amounts then on deposit in each subaccount of the Revenue Account that would be transferred to the related subaccounts of the Debt Service Fund and the related subaccounts of the Redemption Fund, in accordance with the priorities and provisions of the Indenture. Such amounts may be

withdrawn from such subaccount of the Revenue Account for application on or prior to such Bond Payment Date (A) upon delivery of an Agency Request, to the purchase of related Bonds as determined by the Agency, (B) to the payment of accrued interest on related Bonds being purchased or redeemed pursuant to the General Indenture, or (C) to the redemption of Bonds on such Bond Payment Date as determined by the Agency.

In the event Bonds are to be redeemed on a date other than a Bond Payment Date, and to the extent moneys are not available in the related subaccounts of the Debt Service Fund to pay accrued interest on such redemption date for such Bonds, respectively, the Trustee or the Agency will apply or cause the Paying Agent to apply available moneys in the related subaccount of the Revenue Account for the payment of such interest.

Debt Service Fund

Amounts in each subaccount of the Debt Service Fund will be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Bond Payment Date for the purpose of paying the interest and Principal Installments on the related Bonds as the same will become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture) or (ii) on each purchase date for the purpose of paying the purchase price of related Bonds purchased in lieu of redemption by Sinking Fund Installments. Amounts remaining in each subaccount of the Debt Service Fund after no Bonds of the related Series remain Outstanding will be transferred to the related subaccount of the Revenue Account.

Debt Service Reserve Fund

Upon the issuance, sale and delivery of a Series pursuant to the Indenture, the Agency will deposit in the related subaccount of the Debt Service Reserve Fund and in the related subaccount of the Interest Reserve Account therein such amounts, if any, as will be required by the provisions of the related Series Indenture, which aggregate amount will be at least sufficient to equal the Debt Service Reserve Fund Requirement relating to such Series, calculated after giving effect to the issuance of such Bonds. Except as may otherwise be set forth in the related Series Indenture, the Agency's obligation to deposit any amount in any subaccount of the Debt Service Reserve Fund may be satisfied by deposit of a surety bond, insurance policy or similar instrument in an equivalent amount. Amounts on deposit in the related subaccount of the Interest Reserve Account will at all times be deemed to be a part of the related subaccount of the Debt Service Reserve Fund. Additional amounts may be deposited in the related subaccount of the Debt Service Reserve Fund in accordance with the General Indenture.

On or prior to each Bond Payment Date for a Series, the Trustee will calculate the amount of the related Debt Service Reserve Fund Requirement as of such Bond Payment Date and will determine the amount, if any, which would then be in the related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized, interest purchased on Investment Obligations) in excess of such Debt Service Reserve Fund Requirement, will notify the Agency of such excess amount and the Agency will, unless otherwise specified by an Agency Request, transfer such excess amount from the related subaccount of the Debt Service Reserve Fund, other than the related subaccount of the Interest Reserve Account therein, to the related subaccount of the Revenue Account.

Except as otherwise provided in a Series Indenture with respect to a Series, on the last Business Day prior to each Bond Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made pursuant to the General Indenture, the Agency will transfer from each subaccount of the Debt Service Reserve Fund (including from the Interest Reserve Account as provided below) to the Trustee for deposit in the specified subaccounts of other Funds or Accounts the following amounts, in the following order of priority, the requirements of each such transfer to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(a) In the event that the amount on deposit in any subaccount of the Debt Service Fund following transfers pursuant to the General Indenture is insufficient to pay the interest and Principal Installments, if any, due on the Bonds of the related Series on the next succeeding Bond Payment Date, the Agency will transfer, first from the related subaccount of the Interest Reserve Account and then if and to the extent necessary from the related subaccount of the Debt Service Reserve Fund, to such subaccount of the Debt Service Fund, the amount of such insufficiency.

(b) Such other transfers as may be required by the related Series Indenture.

Any amount in each subaccount of the Interest Reserve Account will be transferred to the related subaccount of the Debt Service Reserve Fund on the date specified in the related Series Indenture or such earlier date as may be specified by Agency Request.

Redemption Fund; Cross-Calls and Recycling

Moneys deposited in the subaccounts of the Redemption Fund will be applied by the Agency to the purchase or the redemption of Bonds in accordance with the provisions of the General Indenture and each related Series Indenture.

Except as set forth in the General Indenture or in the related Series Indenture, moneys deposited in a subaccount of the Special Redemption Account pursuant to the General Indenture or pursuant to the related Series Indenture, will be applied to the extent practicable by the Agency on the earliest practicable date to redeem related Bonds. Any amounts remaining in such Special Redemption Account after no related Bonds remain Outstanding will be transferred to the related subaccount of the Revenue Account.

Notwithstanding anything contained in the General Indenture to the contrary, the Agency may, upon delivery of an Agency Request to the Trustee at any time prior to the mailing of notices of redemption, transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied as provided in the General Indenture to the redemption of Bonds of a different Series; *provided* that the Agency will not make any such transfers to the extent prohibited by the related Series Indentures.

In addition, notwithstanding anything contained in the General Indenture to the contrary, the Agency may, upon delivery of an Agency Request to the Trustee at any time prior to the

giving of notice of redemption, transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to a related or an unrelated subaccount of the Acquisition Account to be applied as provided in the General Indenture; *provided* that the Agency will not make any such transfers to the extent prohibited by the related Series Indentures.

Short Term Bond Debt Service Fund

Amounts in each subaccount of the Short Term Bond Debt Service Fund will be used and withdrawn by the Trustee for the purpose of paying debt service (including redemption price) on the related Short Term Bonds as provided by the related Series Indenture. Amounts remaining in each subaccount of the Short Term Bond Debt Service Fund after no Short Term Bonds of the related Series remain Outstanding will be transferred to the related subaccount of the Revenue Account.

Agency Payment Account

If, on any date, following certain other transfers made pursuant to the General Indenture, there are not sufficient moneys to pay all interest and Principal Installments due and payable on Bonds on such date, the Trustee will immediately notify the Agency in writing of the amount of such insufficiency and will request from the Agency an immediate deposit of legally available funds equal to the aggregate insufficiency and the Agency will pay to the Trustee (from the Agency's other moneys legally available therefor, subject only to agreements made or to be made with holders of notes or bonds pledging particular revenues or moneys) for deposit in each subaccount of the Agency Payment Account on such date the amount of the insufficiency with respect to the Related Series. With respect to any Hedging Instrument, a subaccount within the Hedging Instruments Payments Account within the Agency Payment Account may be established as provided in a Series Indenture and amounts deposited therein will be applied as set forth in such Series Indenture. Notwithstanding anything to the contrary set forth in the General Indenture, the Agency may pay to the Trustee (from the Agency's moneys legally available therefor, subject only to agreements made or to be made with holders of notes or bonds pledging particular revenues or moneys) for deposit in subaccounts of the Agency Payment Account (including the Hedging Instruments Payments Account) such amounts at such times as may be determined by the Agency.

Amounts deposited by the Agency in the Agency Payment Account pursuant to the General Indenture (other than amounts deposited in any subaccount of the Hedging Instruments Payments Account, which will be applied as set forth in the related Series Indenture) will be deposited into the respective subaccounts of the Agency Payment Accounts for the Bonds for which such amounts are provided. Amounts in such subaccounts will only be used to pay interest or principal due and payable on the related Bonds and may not be transferred to any other subaccount of the Debt Service Fund or to any other Fund or Account for any reason.

Investment of Moneys

Moneys in all Funds and Accounts held under the Indenture will be invested to the fullest extent possible in Investment Obligations and, in the case of such moneys held by the Trustee, in accordance with directions given to the Trustee in an Agency Request or Certificate; *provided*

that the maturity date or the date on which such Investment Obligations may be redeemed at the option of the holder thereof will coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof. The Trustee may rely conclusively upon such Agency Request or Certificate that such investments specified therein constitute Investment Obligations under the Indenture.

Amounts credited to any Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Investment Obligation or Investment Obligations; *provided* that (i) each such investment complies in all respects with the provisions of the General Indenture as they apply to each Fund or Account for which the joint investment is made, (ii) the Agency or the Trustee, as applicable, maintains separate records for each Fund and Account and such investments are accurately reflected therein, and (iii) amounts credited to the Rebate Account may be invested together with amounts credited to any other Fund or Account.

In computing the amount in any Fund or Account, Investment Obligations will be valued at par or, if purchased at other than par, at their Amortized Value, in either event inclusive of accrued interest purchased, and, unless otherwise specified by the related Series Indenture, Mortgage Loans will be valued at 100% of the outstanding principal balance thereof unless in default for more than 60 days as of the date of computation, in which event such Mortgage Loans will be valued at the Agency's estimated net prepayment recovery from the Mortgage Loan.

Except as otherwise specifically provided in the Indenture, the income or interest earned by, or gain to, all Funds and Accounts due to the investment thereof will be transferred by the Agency or the Trustee, as applicable, upon receipt thereof to the related subaccount of the Revenue Account, in accordance with the General Indenture, except that no such transfer will be made from, and such income, interest or gain (as described above) will be retained in, each subaccount of the Debt Service Reserve Fund, unless after giving effect to the transfer the amount therein at least equals the Debt Service Reserve Fund Requirement relating to the related Series.

The Agency or the Trustee, as applicable, will sell, or present for redemption, any Investment Obligation whenever it will be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made.

Particular Covenants of The Agency

The Agency covenants and agrees with the Trustee and the Bondholders of the Bonds as follows:

- (a) The Agency will duly and punctually pay or cause to be paid, but in strict conformity with the terms of the Bonds and the Indenture, the principal or Redemption Price of every Bond and the interest thereon at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof and will duly pay or cause to be paid, but in strict conformity with the terms of the Bonds and the Indenture, the Sinking Fund Installments becoming due and payable with respect to the

Bonds and the Short Term Bond Sinking Fund Installments becoming due and payable with respect to the Short Term Bonds.

(b) The Agency will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. Notwithstanding the foregoing, the Holder of any Bond may extend the time for payment of the principal of or interest on such Bond; *provided, however*, that upon the occurrence of an Event of Default, funds available under the General Indenture for the payment of the principal of and interest on the Bonds will not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

(c) The Agency is duly authorized under all applicable laws to issue the Bonds and to execute and deliver the Indenture and to pledge the Revenues and other moneys, securities, rights and interests purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the valid and binding general obligations of the Agency enforceable in accordance with their terms and the terms of the Indenture, subject to State and Federal bankruptcy, insolvency, and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies.

(d) The Agency will use the proceeds of Bonds and any other moneys deposited in the Funds and Accounts only in accordance with the provisions of the Indenture and the Act. The Agency from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of the Indenture, will use and apply the proceeds of the Bonds and other moneys deposited in the Acquisition Account to the purposes set forth in the General Indenture and in each Series Indenture.

(e) No Mortgage Loan (other than a Local Agency Loan or General Program Loan) will be financed by the Agency from amounts in the Acquisition Account unless (i) the Borrower, Development, Mortgagor and/or Home, as the case may be, are eligible under the Act, and the Mortgage Loan documents are executed and, if applicable, recorded in accordance with the authorizations and requirements of existing laws and (ii) it complies with any additional terms, conditions, provisions and limitations specified by the related Series Indenture with respect to such Mortgage Loan and the related Borrower, Development, Mortgagor, Home and Mortgage Loan documents. No Local Agency Loan or General Program Loan will be financed by the Agency from amounts in the Acquisition Account unless (i) the borrower is eligible under the Act and the loan documents are executed and, if applicable, recorded in accordance with the authorizations and requirements of existing laws and (ii) it complies with any additional terms, conditions, provisions and limitations specified by the related Series Indenture with respect to such loan and the related loan documents.

(f) Except as otherwise provided in a Series Indenture with respect to a Series, the Agency may consent or agree to or permit any amendment or modification of

the economic terms of any Mortgage Loan or Hedging Instrument in any manner determined by the Agency, and may enforce Mortgage Loans and Hedging Instruments in any manner determined by the Agency.

(g) The Agency has, and will have so long as any Bonds are Outstanding, lawful power to collect and hold repayments and prepayments with respect to all Mortgage Loans.

(h) The Agency will keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Agency and such Funds and Accounts will at all times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(i) The Agency will annually, within 180 days after the close of each Fiscal Year (the first such report to be filed with respect to the Fiscal Year ending June 30, 2004), file with the Trustee and with each Rating Agency and otherwise as provided by law, its audited financial statement for such Fiscal Year, accompanied by an Accountant's certificate, including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such Fiscal Year; a statement of income, expenses and changes in fund balances for such Fiscal Year; and a statement of changes in financial position. The Trustee will have no duty to review such financial statements and reports.

(j) The Agency will not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Agency or by any Fiduciary under the Indenture and will not create or cause to be created, other than by the Indenture, any lien or charge on the Revenues or such moneys, securities, rights or interests; *provided, however*, that nothing in the General Indenture will prevent the Agency from issuing (i) evidences of indebtedness secured by a pledge of Revenues subordinate to the pledge of the Revenues provided in the Indenture or to be derived after the pledge of the Revenues provided in the Indenture will be discharged and satisfied as provided in the General Indenture; or (ii) notes or bonds of the Agency not secured under the Indenture; or (iii) notes or bonds which are general obligations of the Agency under the Act.

Events of Default and Remedies

Each of the following constitutes an "Event of Default" under the General Indenture:

(a) The Agency will fail to pay any Principal Installment of any Bond when and as the same will become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Agency will fail to pay any installment of interest on any Bond when and as the same will become due and payable;

(c) The Agency will fail to perform or observe any other covenant, agreement or condition on its part contained in the Indenture, or in the Bonds and such failure will continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Holders of not less than 10% in Aggregate Principal Amount of the Bonds Outstanding;

(d) The Agency will file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; or

(e) The Agency will have failed generally to pay its debts as they become due.

Upon the occurrence of an Event of Default described in clauses (a), (b), (c) and (d) above, the Trustee may, and upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in clauses (a), (b) and (d) above and not less than 50% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in clause (c) above will, give 30 days notice in writing to the Agency of its intention to declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds will, by notice in writing to the Agency, declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such Bonds will become and be immediately due and payable, anything in the Bonds or in the Indenture to the contrary notwithstanding. In such event, there will be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

Notwithstanding the preceding paragraph, following an Event of Default described under subparagraph (c) above (except for a failure which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds), the Trustee will not declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable unless the Trustee is so directed by the written request of Holders of 100% in Aggregate Principal Amount of Outstanding Bonds.

At any time after the Aggregate Principal Amount of the Bonds will have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys will have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys will have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Agency under the Indenture will have

been paid or a sum sufficient to pay the same will have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) will have been remedied to the satisfaction of the Trustee. No such annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, will, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, will deem expedient, including but not limited to:

- (i) Enforcement of the rights, if any, of the Bondholders to collect and enforce the payment of principal of and interest due or becoming due on Mortgage Loans and to collect and enforce any other rights in respect of the Mortgage Loans or other security or mortgages securing such Mortgage Loans and to require the Agency to carry out its duties and obligations under the terms of the Indenture, and to require the Agency to perform its duties under the Act;

- (ii) Suit upon all or any part of the Bonds;

- (iii) Civil action to require the Agency to account as if it were the trustee of an express trust for the Holders of Bonds;

- (iv) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds; and

- (v) Enforcement of any other right of the Bondholders conferred by law or by the Indenture.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding, will, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Except as otherwise described in the General Indenture, with respect to Bonds of particular Series, the rights and remedies of Holders of Bonds upon the occurrence of an Event of Default will be limited to the enforcement of the Agency's general obligation covenant with respect to the Bonds and to the disbursement of amounts available to Holders of Bonds from time to time in the related subaccounts of the Debt Service Fund, the Redemption Fund and the Debt Service Reserve Fund after provision is made for, and after taking into account the rights

of, Holders of other Bonds as provided in the Indenture. The exercise of remedies upon the occurrence of an Event of Default will not in any manner affect, disturb or prejudice the priority, security and rights of Holders of Bonds under the Indenture.

The Agency covenants that if an Event of Default will happen and will not have been remedied, the Agency, upon demand of the Trustee, will pay or cause to be paid over to the Trustee as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged under the Indenture.

During the continuance of an Event of Default, the Trustee will apply, or cause the Paying Agent to apply, all moneys and securities held in any subaccount of any Fund or Account (except the Rebate Account and the Bond Purchase Fund), Revenues, payments and receipts and the income therefrom as follows and in the following order:

- (i) To the payment of reasonable and proper Fiduciary Expenses;
- (ii) To the payment of the interest and Principal Installments then due and payable on the related Bonds, subject to the provisions of the General Indenture; as follows:

- (A) Unless the Aggregate Principal Amount of all of the related Bonds will have become or have been declared due and payable.

- First: To the payment to the persons entitled thereto of all installments of interest then due and payable on the related Bonds in the order of the maturity of such installments, and, if the amount available will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

- Second: To the payment to the persons entitled thereto of the unpaid Principal Installments of any related Bonds which will have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available will not be sufficient to pay in full all the related Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments due on such date, to the persons entitled thereto, without any discrimination or preference.

- (B) If the Aggregate Principal Amount of all of the related Bonds will have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the related Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference;

- (iii) To the payment of the amounts required for reasonable and necessary Program Expenses.

Majority Bondholders Control Proceedings

If an Event of Default will have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Holders of at least a majority in Aggregate Principal Amount of Bonds then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture (including indemnity to the Trustee as provided in the General Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in the General Indenture will impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Amendments

For any one or more of the following purposes, and at any time or from time to time, Supplemental Indentures may be executed and delivered by the Agency and the Trustee without the consent of Bondholders:

- (a) To add to the covenants and agreements of the Agency in the Indenture, other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Indenture of the Revenues or of any other moneys, securities or funds;
- (d) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Agency, is reasonably necessary to assure that the interest on any Tax-Exempt Bonds remains excludable from the gross income of the owners thereof for federal income tax purposes;
- (e) To provide for the issuance of Bonds pursuant to the Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (f) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture theretofore in effect;

(h) To provide for additional duties of the Trustee in connection with the Mortgage Loans;

(i) To waive any right reserved to the Agency, provided that the loss of such right will not materially adversely impair the Revenues available to pay the Outstanding Bonds;

(j) To make any other amendment or change that will not materially adversely affect the interest of Owners of Outstanding Bonds; or

(k) To make any other amendment or change that will not result in a downgrade, suspension or withdrawal of the then-current rating assigned to any Bond by a Rating Agency.

At any time or from time to time, the Agency and the Trustee may execute and deliver a Supplemental Indenture subject to consent by the Bondholders in accordance with and subject to the provisions of the General Indenture. The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions thereof.

Any modification or amendment of the Indenture and of the rights and obligations of the Agency and of the Bondholders, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the General Indenture of the Holders of at least a majority in Aggregate Principal Amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment will permit a change in the terms of redemption or maturity of the Aggregate Principal Amount of any Outstanding Bonds or of any installment of interest thereon or a reduction in the Aggregate Principal Amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holders of all such Bonds, or will reduce the percentages of Bonds the consent of the Holders of which is required to effect any such modification or amendment without the consent of the Holders of all Bonds then Outstanding or will change the provisions of the Indenture relating to the ability to declare the Aggregate Principal Amount of Bonds to be due and payable or will materially adversely affect the rights of the Holders of Short Term Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Short Term Bonds then Outstanding; or will change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. If any such modification or amendment will, by its terms not take effect so long as any Bonds of any particular Series, tenor and maturity remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the General Indenture. The Trustee, relying upon a Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and any such determination will be binding and conclusive on the Agency and the Bondholders.

Discharge of Indenture in Entirety

If the Agency will pay or cause to be paid, or there will otherwise be paid, to the Bondholders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Agency to the Bondholders, will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will cause an accounting for such period or periods as will be requested by the Agency to be prepared and filed with the Agency and, upon the request of the Agency, will execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries will pay over or deliver to or upon the order of the Agency all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption.

Defeasance of Bonds

Bonds or interest installments for the payment or redemption of which moneys will have been set aside and will be held in trust by the Trustee or the Paying Agent (through deposit by the Agency of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the General Indenture. Outstanding Bonds will be deemed, prior to the maturity or redemption date thereof, to have been paid within the meaning and with the effect expressed in the General Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency will have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail as provided in the General Indenture notice of redemption of such Bonds on said date; (ii) there will have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Obligations the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Agency will have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the General Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said Bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to the General Indenture nor principal or interest payments on any such Defeasance Obligations will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Agency the proceeds of which were used to acquire such Defeasance Obligations, in whole or in part; provided that no such principal of or interest on such Defeasance Obligations will be applied to the payment of the principal or redemption price

of or interest on such bonds or other obligations unless (x) the Trustee will have received a schedule showing, for each year from the date of deposit of such Defeasance Obligations until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest on such Defeasance Obligations and moneys, if any, deposited with the Trustee at the same time that will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess in each such year, and (y) the amount of such principal of or interest on such Defeasance Obligations to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and unexpended to, such year. Notwithstanding any other provision of the General Indenture, any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, to the extent practicable and, in accordance with an opinion of Bond Counsel filed with the Trustee, permitted by Section 103 of the Code, will be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

INDEPENDENT AUDITORS

The combined financial statements of the California Housing Finance Fund (which is administered by the California Housing Finance Agency), as of June 30, 2009 and 2008 and for the years then ended, included in this Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report herein.

STATE PLEDGE

In accordance with Section 51373 of the Act, the Agency has included the following pledge and agreement of the State in the Indenture:

The State pledges with the Holders of any Bonds issued under the Indenture that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

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APPENDIX A

**FINANCIAL STATEMENTS OF THE AGENCY FOR
THE YEARS ENDED JUNE 30, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
California Housing Finance Agency
Sacramento, California

We have audited the accompanying combined balance sheets of the California Housing Finance Fund ("Fund"), which is administered by the California Housing Finance Agency ("Agency"), a component unit of the State of California, as of June 30, 2009 and 2008, and the related combined statements of revenue, expenses and changes in fund equity, and of cash flows for the years then ended. The accompanying combined financial statements of the Fund are not intended to present the financial position or the results of the operations of the Agency. These combined financial statements are the responsibility of the management of the Agency. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Fund, as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the combined financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Agency. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental combining program information as of and for the year ended June 30, 2009 on pages 42 through 59 is presented for the purpose of additional analysis and is not a required part of the combined 2009 financial statements of the Fund. The supplemental combining program information is the responsibility of the Agency's management. Such information has been subjected to the auditing procedures applied in our audits of the combined 2009 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic combined 2009 financial statements taken as a whole.

Deloitte + Touche LLP

October 28, 2009

CALIFORNIA HOUSING FINANCE FUND
Management Discussion and Analysis
of Financial Position and Results of Operations
As of and for the fiscal years ended June 2009 and 2008

Introduction – The California Housing Finance Agency

The California Housing Finance Agency (“Agency”) was created in 1975 by an act of the California Legislature and commenced operations in 1976. The Agency is a component unit of the State of California (“State”) and is included in the State’s Comprehensive Annual Financial Report. The Agency is authorized to administer the activities of the California Housing Finance Fund (“Fund”), the California Housing Loan Insurance Fund (“Mortgage Insurance Fund”) and two state general obligation bond funds. The following Management Discussion and Analysis applies only to the activities of the California Housing Finance Fund and should be read in conjunction with the Fund’s combined financial statements and the notes to the combined financial statements. Operations of the Fund include the issuance of Agency bonds and notes to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency is entirely self-funded and does not draw upon the general taxing authority of the State.

The combined financial statements present the totals of the Fund. The supplemental combining information of the Fund is organized by the following major categories: Homeownership Programs, Multifamily Rental Housing Programs, and Other Programs and Accounts. This information and information for specific programs and accounts is reported after the Notes to the combined financial statements.

The Homeownership Programs provide low cost mortgage capital to a network of approved lenders from whom the Agency purchases previously funded and closed loans secured by single family homes purchased by individual borrowers. The Multifamily Rental Housing Programs are typically used to directly fund loans to developers and housing sponsors for the construction or acquisition of multifamily rental housing developments. Interest rates on Agency loans are generally below market rate; however, the programs are operated to be self-supporting. The Agency issues its own bonds and uses other available monies to provide the funding for these loan programs. Interest paid to bondholders is generally exempt from both state and federal tax; however, the Agency also issues federally-taxable bonds.

The Other Programs and Accounts category includes the Agency’s Housing Assistance Trust, funded periodically from a portion of the Fund’s operating income before transfers. The Housing Assistance Trust provides a source of funding for low or very low income multifamily developments and other special purpose loans. Loans for these purposes generally would not produce sufficient revenues to support payments to bondholders. These loans typically accrue simple interest with repayment of principal and interest deferred for the term of the loan or until certain events occur, such as a sale of the property. Also included in this category are certain State-funded programs, which the Agency has been asked to administer for the State on a contract basis. Operating expenses of the Agency’s loan and bond programs are paid from an Operating Account that is replenished from the Fund’s operating income before transfers. Other accounts maintained by the Agency provide security for the issuance of bonds, emergency contingencies, loan servicing operations and loan warehousing activities.

Summary of Financial Results 2009– 2008

- Operating loss before transfers was \$146.1 million for fiscal year 2009 compared to an operating gain of \$9.8 million for fiscal year 2008. The decrease is mostly due to the decline of the California real estate market, basis mismatch on variable rate bonds and the charges against income for the market value adjustment of unmatched swaps, early termination of interest rate swaps, gap claim payments and anticipated losses of the loan portfolio. The continued rise in loan delinquencies, increases in foreclosures and additional home price depreciation in California have contributed directly to increases in allowances for loans losses and gap reserves. In 2009, the allowance for loan loss reserve was increased by a net of \$31.5 million to \$112.5 million. There were \$4.1 million of losses which were recorded in 2009 on the sale of foreclosed properties (net of insurance payment). The remaining foreclosed properties were written down by \$15.1 million to reflect anticipated losses, net of insurance payment, upon sale of the foreclosed properties. In addition, the Agency maintains its Emergency Reserve Account at approximately one percent of the net program loans receivable and has established a gap insurance loss reserve in the amount of \$80.1 million. The Fund established this reserve to cover anticipated indemnification payments to the California Housing Loan Insurance Fund for loans subject to “gap” insurance. The indemnification payments are for losses up to 50% of the outstanding principal balance of each loan for which either the primary mortgage insurance covers less than 50% of loan principal or primary mortgage insurance may not be required because the loan-to-value ratio was below 80% at origination or the borrower demonstrated equity of 20% or more in the property. The gap insurance loss reserves and gap claim payments are charged to the Supplementary Bond Security Account, an account that is part of the Agency’s general obligation capital base, not the Home Mortgage Revenue Bonds “HMRB” Indenture.
- Home mortgage delinquencies have been increasing nationally, especially for borrowers who took out subprime mortgages. Although the Agency does not make subprime loans, the overall delinquency ratio of the Agency’s single family loan portfolio (Federal Guaranty: 47.2% and Conventional: 52.8%) was 14% as of June 30, 2009. By comparison, the delinquency ratio for the Agency’s single family portfolio was 7% as of June 30, 2008.

- In addition to losses attributable to the California real estate market, the Agency incurred losses due to basis mismatch, which is the difference between actual interest rates paid to bondholders on floating rate securities (variable rate demand obligations and auction rate securities) and the variable rates received from swap counterparties on interest rate swaps that hedge the Agency's variable rate exposure. The mismatch is a result of higher interest rate resets on variable rate bonds, including rates resulting from failed auctions and rates paid to liquidity banks when bondholders put their variable rate demand obligations to the remarketing agents and other investors are unwilling to purchase the securities. In addition, a dysfunctional municipal bond market resulted in an unusually high Securities Industry and Financial Markets Association "SIFMA"/London Interbank Offered Rate "LIBOR" ratio and interest rate compression has continued this relationship. The basis mismatch for the period from July 1, 2008 to June 30, 2009 was \$37.9 million and is reflected in the income statements for Multifamily Rental Housing Programs and Other Programs and Accounts. By comparison, the basis mismatch for the period from July 1, 2007 to June 30, 2008 was \$11.9 million.
- In response to Lehman Brothers' bankruptcy filing, the Agency terminated all \$482.7 million of swap notional with Lehman Brothers and paid Lehman Brothers \$42.6 million to terminate the swaps. At the same time, the Agency elected to replace some of the Lehman Brothers swap contracts with counterparties that are more highly rated. The Agency received payments of \$28.9 million from the replacement counterparties. The net effect of the termination event resulting from the Lehman Brothers' bankruptcy was an operating loss of \$13.7 million. In addition, GAAP requires the Agency to record the current market value of the unmatched portion or overhedged interest rate swap position as an adjustment to other expenses or other revenues, on the income statement. The swap expense (net current market value) for these overhedged positions as of June 30, 2009 was \$9.4 million.
- The Agency had \$496.4 million in new loans receivable during fiscal year 2009. Overall, program loans receivable decreased \$113.5 million to \$8.32 billion at fiscal year end. Decreases in programs loans receivable for the homeownership loan portfolio were the result of the decline of the California real estate market and declining economic conditions.
- During fiscal year 2009, the Agency issued \$310.9 million of bonds. All but \$10.9 million was issued as fixed rate debt and the \$10.9 million of variable rate debt issued was synthetically swapped to fixed.
- The Agency continued to actively manage the Fund's interest expense and exposures within the debt portfolio, redeeming, and in some cases refunding, \$564.7 million of bond indebtedness during fiscal year 2009.
- During fiscal year 2009, \$448.4 million was transferred into the Fund by the State pursuant to the Mental Health Services Act of 2004 and Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.
- In July 2009, Moody's Investors Services downgraded the Agency's Home Mortgage Revenue Bonds "HMRB" from Aa2 to Aa3 with a negative outlook. The downgrade reflects the decline in the performance of the Agency's single family loan portfolio in the California real estate market, reduced credit quality of private mortgage insurance and ongoing risks related to the HMRB variable rate debt.
- In July 2009, Moody's Investors Services downgraded the Agency's issuer rating from Aa3 to A1 with a negative outlook. The downgrade is based upon the potential effects of increasing delinquencies and foreclosures in the Agency's single family mortgage portfolio, ongoing risks related the Agency's variable rate debt and uncertainty about future business activity given the status of tax exempt housing bond markets.

Condensed Financial Information:

Combined Balance Sheet

The following table presents condensed combined balance sheets for the Fund as of June 30, 2009 and 2008 and the change from the prior year (dollars in millions):

Condensed Combined Balance Sheets

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Assets			
Cash and investments	\$2,236	\$2,278	(42)
Program loans receivable-net	8,321	8,434	(113)
Other	204	156	48
Total Assets	<u>\$10,761</u>	<u>\$10,868</u>	<u>(107)</u>
Liabilities			
Bonds payable – net	\$8,244	\$8,618	(374)
Other	770	805	(35)
Total Liabilities	<u>\$9,014</u>	<u>\$9,423</u>	<u>(409)</u>
Fund Equity			
Invested in capital assets	\$1	\$1	
Restricted equity	1,746	1,444	302
Total Fund Equity	<u>\$1,747</u>	<u>\$1,445</u>	<u>302</u>
Total Liabilities and Fund Equity	<u>\$10,761</u>	<u>\$10,868</u>	<u>(107)</u>

Assets

Of the Fund's assets, 98.1% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding less than \$0.7 million in furniture and equipment.

Total assets decreased by \$107.4 million during fiscal year 2009. The Fund's cash and investments were \$2.24 billion as of June 30, 2009, a decrease of \$42.1 million from June 30, 2008. The cash and investments balance remained relatively the same due to the decrease in bond activity during the fiscal year.

Of the Fund's assets, 20.8% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 11.4% is in investment agreements. Consistent with the Agency's investment policy, bond proceeds are normally invested in investment agreements with highly rated providers of such instruments because the agreements provide a low level of counterparty risk, a fixed rate of return and complete liquidity. The amount of funds invested in investment agreements during the 2009 fiscal year decreased by \$251.0 million. In addition, over \$1.64 billion of the Fund's investments are held in the State's Surplus Money Investment Fund "SMIF" and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2009 increased by \$228.7 million.

The composition of cash and investments as of June 30, 2009 and 2008 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Investment agreements	\$234	\$485	(251)
SMIF	1,638	1,409	229
Securities	245	219	26
Cash	119	165	(46)
Total Cash and Investments	<u>\$2,236</u>	<u>\$2,278</u>	<u>(42)</u>

Program loans receivable decreased by \$113.5 million or 1.4% during fiscal year 2009 compared to fiscal year 2008. This decrease is due primarily to the decrease in the number of new loans for the homeownership loan portfolio. Within the Fund, the Agency had \$496.4 million of new loans during the fiscal year compared to almost \$1.43 billion in the previous year. Of the new loans during the fiscal year, \$379.6 million were single family first mortgages. Fewer borrowers refinanced their Agency loans resulting in a 5.0% decrease in loan prepayments to \$176.4 million during fiscal year 2009 compared to \$185.6 million received

in fiscal year 2008. The Agency does not offer home refinance opportunities to its borrowers as the homeownership loan programs are restricted to first time homebuyers.

Liabilities

The Fund's liabilities were \$9.01 billion as of June 30, 2009, a decrease of \$409.8 million from June 30, 2008. Of the Fund's liabilities, over 91.5% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2009 decreased by \$373.3 million from the prior year as the \$310.9 million in new issuances in 2009 were offset by scheduled principal payments and \$564.7 million in bond redemptions. The Agency's governing statutes impose a cap of \$13.15 billion for bonds and notes issued and outstanding within the Fund.

All of the bonds issued by the Agency are reported within the Fund. The Agency issued a total of \$310.9 million of Agency bonds during fiscal year 2009, a decrease from the \$1.86 billion issued during fiscal year 2008. Of the bonds issued during fiscal year 2009, all but \$10.9 million were issued as fixed interest rate bonds, and the \$10.9 million of variable rate debt issued was swapped to provide synthetically fixed interest rates. As of June 30, 2009, the estimated "net" variable interest rate exposure of the Fund's total bond indebtedness was \$938 million. The estimated "net" variable interest rate exposure excludes all variable interest rate bonds swapped to fixed interest rates or directly backed by complementary variable interest rate assets. This "net" variable interest rate exposure provides an internal hedge against today's low interest rate environment evidenced by low short-term investment rates and increased loan prepayments. Interest costs on variable interest rate bonds that are swapped to a fixed interest rate have generally provided a lower total interest cost to the Fund than interest costs of traditional fixed interest rate products.

The Agency issues both tax-exempt and federally taxable bonds. During the 2009 fiscal year, federally taxable bonds decreased by \$216.1 million and as of June 30, 2009 represent 19.9% of all bonds outstanding, while tax-exempt bonds decreased by \$157.2 million and as of June 30, 2009 represent 80.1% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2009, the Agency did not issue taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2009 and 2008 and the changes from the prior year (dollars in millions):

	Bonds Payable		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Tax-Exempt Bonds			
*Variable Rate	\$3,887	\$4,321	(434)
Fixed Rate	2,686	2,409	277
Total Tax-Exempt Bonds	<u>\$6,573</u>	<u>\$6,730</u>	<u>(157)</u>
Federally Taxable Bonds			
*Variable Rate	\$1,167	\$1,280	(113)
Fixed Rate	469	572	(103)
Total Federally Taxable Bonds	<u>\$1,636</u>	<u>\$1,852</u>	<u>(216)</u>
* * Total Bonds Outstanding	<u>\$8,209</u>	<u>\$8,582</u>	<u>(373)</u>

- * Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Combined Financial Statements).
- * * The HUD debenture is not included (see Note 7 to the Combined Financial Statements).

Other liabilities decreased by \$35.8 million during fiscal year 2009. This decrease is due primarily to the decrease in the line of credit for the purchase of loans offset by the increase in gap insurance loss reserves.

Equity

All of the Fund's equity is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total equity of the Fund grew by \$302.3 million primarily as a result of transfers to the Fund in the

amount of \$448.4 million pursuant to the Mental Health Services Act of 2004 and Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of \$146.1 million.

Revenues, Expenses, and Changes in Fund Equity

The following table presents condensed combined statements of revenues, expenses, and changes in fund equity for the Fund for the fiscal years ended June 30, 2009 and June 30, 2008 and the changes from the prior year (dollars in millions):

Condensed Combined Statements of Revenues, Expenses, and Changes in Fund Equity

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Operating Revenues:			
Interest income program loans – net	\$450	\$400	\$50
Interest income investments – net	66	91	(25)
Increase in fair value of investments	11	(4)	15
Other loan and commitment fees	16	16	0
Other revenues	<u>107</u>	<u>78</u>	<u>29</u>
Total Operating Revenues	<u>\$650</u>	<u>\$581</u>	<u>\$69</u>
Operating Expenses:			
Interest	427	392	35
Mortgage servicing fees	20	19	1
Operating expenses	40	39	1
Other expenses	<u>309</u>	<u>121</u>	<u>188</u>
Total Operating Expenses	<u>\$796</u>	<u>\$571</u>	<u>\$225</u>
Operating Income before transfers	<u>(146)</u>	<u>10</u>	<u>(156)</u>

Operating Revenues

Total operating revenues of the Fund were \$650.1 million during fiscal year 2009 compared to \$581.1 million during fiscal year 2008, an increase of \$69.1 million or 11.9%.

Interest income on program loans was \$449.5 million during fiscal year 2009 compared to \$399.9 million during fiscal year 2008, an increase of \$49.6 million. The increase in interest income on program loans is primarily a result of a decrease in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios which is offset against the interest income on program loans. Overall, program loans receivable decreased \$113.5 million or 1.4% at June 30, 2009 compared to June 30, 2008.

Interest income from investments decreased 26.9% to \$66.3 million in fiscal year 2009 from \$90.7 million in fiscal year 2008. This decrease is due primarily to declining interest rates and redirecting funds from investment agreements to SMIF.

Other loan and commitment fees remained the same at \$16.3 million for fiscal year 2009 when compared to fiscal year 2008.

Other revenues increased by \$28.3 million to \$106.9 million during fiscal year 2009 compared to \$78.6 million in fiscal year 2008, primarily due to the gain on termination of interest rate swaps in November 2008.

Operating Expenses

Total operating expenses of the Fund were \$796.2 million during fiscal year 2009 compared to \$571.3 million during fiscal year 2008, an increase of \$224.9 million or 39.4%. The increase is primarily due to the increase in gap insurance loss reserve expenses, gap claim payments expense, loan write-off expenses, foreclosed properties expenses, swap expense (fair value), and swap termination expenses.

Bonds payable at June 30, 2009 decreased by \$374.0 million from June 30, 2008 and bond interest and swap expense, which represents 53.7% of the Fund's total operating expenses, increased by \$34.7 million or 8.8% compared to fiscal year 2008. The increase in bond interest and swap expense is attributed to the overall drop in interest rates requiring higher swap payments to our counterparties.

Operating expenses increased from \$38.9 million during fiscal year 2008 to \$39.7 million during fiscal year 2009 (as shown in the condensed combined statements of revenues, expenses and changes in fund equity), resulting from slight increases in staff salary expenses and expenses to support our Agency programs.

Operating Income before Transfers

The overall operating results of the Fund for fiscal year 2009 are reflective of the activity in the operating revenues and expenses discussed above. Operating loss before transfers for fiscal year 2009 was \$146.1 million compared to an operating gain of \$9.8 million for fiscal year 2008. The \$155.8 million decrease in operating income before transfers is primarily due to increase in bond and swap related expenses, provision for estimated loan losses, gap insurance loss reserve expenses, and gap claim payment expenses.

Summary of Financial Results 2008– 2007

- Operating income before transfers was \$10 million for fiscal year 2008 compared to \$85 million for fiscal year 2007. The decrease is mostly due to 2007 \$27 million gain on sale of multifamily REO's, a \$27 million increase in bond interest and swap expenses in 2008 and a decrease of \$32 million in 2008 from investment income.
- The Agency originated \$1.4 billion in new loans receivable during fiscal year 2008. Overall, program loans receivable increased \$925 million to \$8.4 billion at fiscal year end. Increases in loans receivables were the result of growth in the homeownership loan portfolio.
- Home mortgage delinquencies have been surging nationally, especially for borrowers who took out subprime mortgages. Although the Agency does not make subprime loans, the Agency continues to review its loan loss reserves. In 2008 the reserve was increased by a net of \$5.4 million to \$80.9 million. In addition, the Agency maintains its Emergency Reserve Account at approximately one percent of the net program loans receivable.
- During fiscal year 2008, \$42 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.
- During fiscal year 2008, the Agency issued \$1.9 billion of notes and bonds. All but \$828 million was issued as fixed rate debt and \$633 million of variable rate debt was synthetically swapped to fixed.
- The Agency continued to actively manage the Fund's interest expense and exposures within the debt portfolio, redeeming, and in some cases refunding, \$734 million of bond indebtedness during fiscal year 2008.

Condensed Financial Information:

Combined Balance Sheet

The following table presents condensed combined balance sheets for the Fund as of June 30, 2008 and 2007 and the change from the prior year (dollars in millions):

Condensed Combined Balance Sheets

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Assets			
Cash and investments	\$2,278	\$2,068	\$210
Program loans receivable-net	8,434	7,509	925
Other	156	125	31
Total Assets	<u>\$10,868</u>	<u>\$9,702</u>	<u>\$1,166</u>
Liabilities			
Bonds payable – net	\$8,618	\$7,579	\$1,039
Other	805	730	75
Total Liabilities	<u>\$9,423</u>	<u>\$8,309</u>	<u>\$1,114</u>
Fund Equity			
Invested in capital assets	1	1	
Restricted equity	1,444	1,392	52
Total Fund Equity	<u>1,445</u>	<u>1,393</u>	<u>52</u>
Total Liabilities and Fund Equity	<u>\$10,868</u>	<u>\$9,702</u>	<u>\$1,166</u>

Assets

Of the Fund's assets, 99% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding less than \$1 million in furniture and equipment.

Total assets increased by \$1.2 billion during fiscal year 2008. The Fund's cash and investments were \$2.3 billion as of June 30, 2008, an increase of \$210 million from June 30, 2007. The 10% increase in cash and investments is related to the increase in bond and investment activity during the fiscal year.

Of the Fund's assets, 21% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 21% is in investment agreements. Consistent with the Agency's investment policy, bond proceeds are normally invested in investment agreements with highly rated providers of such instruments because the agreements provide a low level of counterparty risk, a fixed rate of return and complete liquidity. The amount of funds invested in investment agreements during the 2008 fiscal year decreased by \$325 million, due primarily to the investment in homeownership loans. In addition, over \$1.4 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2008 increased by \$315 million.

The composition of cash and investments as of June 30, 2008 and 2007 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Investment agreements	\$485	\$810	(\$325)
SMIF	1,409	1,094	315
Securities & Commercial paper	219	115	104
Cash	165	49	116
Total	<u>\$2,278</u>	<u>\$2,068</u>	<u>\$210</u>

Program loans receivable increased by \$925 million or 12% during fiscal year 2008 compared to fiscal year 2007. This increase is due primarily to the increase in the homeownership loan portfolio. Within the Fund, the Agency originated almost \$1.4 billion in new loans of which over \$1.2 billion were single family first mortgages. Fewer borrowers refinanced their Agency loans resulting in a 55% decrease in loan prepayments to \$185 million during fiscal year 2008 compared to \$414 million received in fiscal year 2007. The Agency does not offer home refinance opportunities to its borrowers as the homeownership loan programs are restricted to first time homebuyers.

Liabilities

The Fund's liabilities were \$9.4 billion as of June 30, 2008, an increase of \$1.1 billion from June 30, 2007. Of the Fund's liabilities, over 91% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2008 increased by \$1 billion from the prior year as the \$1.9 billion in new issuances in 2008 were offset by scheduled principal payments and \$734 million in bond redemptions. The Agency's governing statutes impose a cap of \$13.15 billion for bonds and notes issued and outstanding within the Fund.

All of the bonds issued by the Agency are reported within the Fund. The Agency issued a total of \$1.9 billion of Agency bonds during fiscal year 2008, an increase from the \$1.5 billion issued during fiscal year 2007. Of the bonds issued during fiscal year 2008, all but \$828 million were issued as fixed interest rate bonds, and \$633 million of variable rate debt was swapped to provide synthetically fixed interest rates. As of June 30, 2008, the estimated "net" variable interest rate exposure of the Fund's total bond indebtedness was \$806 million. The estimated "net" variable interest rate exposure excludes all variable interest rate bonds swapped to fixed interest rates or directly backed by complementary variable interest rate assets. This "net" variable interest rate exposure provides an internal hedge against today's low interest rate environment evidenced by low short-term investment rates and increased loan prepayments. Interest costs on variable interest rate bonds that are swapped to a fixed interest rate have generally provided a lower total interest cost to the Fund than interest costs of traditional fixed interest rate products.

The Agency issues both tax-exempt and federally taxable bonds. During the 2008 fiscal year, federally taxable bonds increased by \$25 million and as of June 30, 2008 represent 22% of all bonds outstanding, while tax-exempt bonds increased by 18% and as of June 30, 2008 represent 78% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2008, the Agency issued \$500 million of taxable bonds to further leverage tax-exempt issuance authority.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2008 and 2007 and the changes from the prior year (dollars in millions):

Bonds Payable			
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Tax-Exempt Bonds			
*Variable Rate	\$4,321	\$4,163	\$158
Fixed Rate	2,409	1,559	850
Total Tax-Exempt Bonds	<u>\$6,730</u>	<u>\$5,722</u>	<u>\$1,008</u>
Federally Taxable Bonds			
*Variable Rate	\$1,280	\$1,315	(\$35)
Fixed Rate	572	512	60
Total Federally Taxable Bonds	<u>\$1,852</u>	<u>\$1,827</u>	<u>\$25</u>
* * Total Bonds Outstanding	<u><u>\$8,582</u></u>	<u><u>\$7,549</u></u>	<u><u>\$1,033</u></u>

- * Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Combined Financial Statements).
- * * The HUD debenture is not included (see Note 7 to the Combined Financial Statements).

Other liabilities increased by \$75 million during fiscal year 2008. This increase is due primarily to the increase in the amounts owed to the IRS for mortgage yield excess liability and to our line of credit for the purchase of loans.

Equity

All of the Fund's equity is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total equity of the Fund grew by \$52 million as a result of operating income of the Fund, in the

amount of \$10 million and transfers to the Fund in the amount of \$42 million pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006.

Revenues, Expenses, and Changes in Fund Equity

The following table presents condensed combined statements of revenues, expenses, and changes in fund equity for the Fund for the fiscal years ended June 30, 2008 and June 30, 2007 and the changes from the prior year (dollars in millions):

Condensed Combined Statements of Revenues, Expenses, and Changes in Fund Equity

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Operating Revenues:			
Interest income program loans – net	\$400	\$375	\$25
Interest income investments – net	91	122	(31)
Increase in fair value of investments	(4)	(4)	0
Other loan and commitment fees	16	19	(3)
Other revenues	78	105	(27)
Total Operating Revenues	<u>\$581</u>	<u>\$617</u>	<u>(\$36)</u>
Operating Expenses:			
Interest	392	365	27
Mortgage servicing fees	19	17	2
Operating expenses	39	32	7
Other expenses	121	118	3
Total Operating Expenses	<u>\$571</u>	<u>\$532</u>	<u>\$39</u>
Operating Income before transfers	<u>\$10</u>	<u>\$85</u>	<u>(\$75)</u>

Operating Revenues

Total operating revenues of the Fund were \$581 million during fiscal year 2008 compared to \$617 million during fiscal year 2007, a decrease of \$36 million or 6%.

Interest income on program loans was \$400 million during fiscal year 2008 compared to \$375 million during fiscal year 2007, an increase of \$25 million. The increase in interest income on program loans is a result of an increase in the Fund's homeownership loan portfolio. Overall, program loans receivable increased \$925 million or 12% at June 30, 2008 compared to June 30, 2007, due to the growth in the homeownership loan portfolio.

Interest income from investments decreased 25% to \$91 million in fiscal year 2008 from \$122 million in fiscal year 2007. This decrease is due primarily to declining interest rates and redirecting funds from investment agreements to SMIF.

Other loan and commitment fees decreased \$3 million to \$16 million for fiscal year 2008 compared to \$19 million during fiscal year 2007. This was the result of decreased collection of administrative fees, commitment fees, and multifamily prepayment fees.

Other revenues decreased by \$27 million to \$78 million during fiscal year 2008 compared to \$105 million in fiscal year 2007, primarily due to the sale of multifamily REO's in 2007.

Operating Expenses

Total operating expenses of the Fund were \$571 million during fiscal year 2008 compared to \$532 million during fiscal year 2007, an increase of \$39 million or 7%.

Bonds payable at June 30, 2008 increased by over \$1 billion from June 30, 2007 and bond interest and swap expense, which represents 69% of the Fund's total operating expenses, increased by \$27 million or 7% compared to fiscal year 2007. The increase in bond interest and swap expense is attributed to the overall drop in interest rates requiring higher swap payments to our counterparties.

The 22% growth in operating expenses from \$32 million during fiscal year 2007 to \$39 million during fiscal year 2008 (as shown in the condensed combined statements of revenues, expenses and changes in fund equity), resulted from increased staff salary expenses and other expenses to support the growth in Agency programs.

Operating Income before Transfers

The overall operating results of the Fund for fiscal year 2008 are reflective of the activity in the operating revenues and expenses discussed above. Operating income before transfers for fiscal year 2008 was \$10 million compared to \$85 million for fiscal year 2007. The \$75 million decrease in operating income before transfers is primarily due to a comparison with last year's gain on sale multifamily REO's, increase in bond interest and swap expenses and decrease in investment income.

CALIFORNIA HOUSING FINANCE FUND
COMBINED BALANCE SHEETS
June 30, 2009 and June 30, 2008

(Dollars in Thousands)

	2009	2008
	Combined	Combined
	<u>Totals</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 119,128	\$ 164,773
Investments	1,875,314	1,897,672
Current portion - program loans receivable, net of allowance	307,512	323,751
Interest receivable:		
Program loans, net	37,095	41,182
Investments	11,791	21,612
Accounts receivable	20,048	10,689
Other assets	651	762
Total current assets	<u>2,371,539</u>	<u>2,460,441</u>
Noncurrent assets:		
Investments	241,648	215,715
Program loans receivable, net of allowance	8,013,055	8,110,363
Deferred financing costs	38,343	41,058
Other assets	96,475	40,904
Total noncurrent assets	<u>8,389,521</u>	<u>8,408,040</u>
Total assets	<u><u>\$ 10,761,060</u></u>	<u><u>\$ 10,868,481</u></u>
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Current portion - bonds payable, net	\$ 136,370	\$ 111,737
Interest payable	163,574	148,813
Due to other government entities, net	255,219	352,607
Compensated absences	2,317	2,475
Deposits and other liabilities	298,899	233,765
Total current liabilities	<u>856,379</u>	<u>849,397</u>
Noncurrent liabilities:		
Bonds and debenture notes payable, net	8,107,250	8,505,841
Due to other government entities, net	19,431	34,917
Deferred revenue	30,532	33,222
Total noncurrent liabilities	<u>8,157,213</u>	<u>8,573,980</u>
Total liabilities	9,013,592	9,423,377
Commitments and contingencies (see notes 11 and 13)		
Fund equity:		
Invested in capital assets	806	838
Restricted by indenture	534,440	505,370
Restricted by statute	1,212,222	938,896
Total fund equity	<u>1,747,468</u>	<u>1,445,104</u>
Total liabilities and fund equity	<u><u>\$ 10,761,060</u></u>	<u><u>\$ 10,868,481</u></u>

See notes to combined financial statements.

CALIFORNIA HOUSING FINANCE FUND
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
June 30, 2009 and June 30, 2008
(Dollars in Thousands)

	2009	2008
	Combined	Combined
	<u>Totals</u>	<u>Totals</u>
OPERATING REVENUES		
Interest income:		
Program loans, net	\$ 449,486	\$ 399,896
Investments, net	66,314	90,689
Increase (decrease) in fair value of investments	11,033	(3,746)
Loan commitment fees	2,207	1,626
Other loan fees	14,130	13,983
Other revenues	106,950	78,620
Total operating revenues	<u>650,120</u>	<u>581,068</u>
OPERATING EXPENSES		
Interest	427,297	392,647
Amortization of bond premium and deferred losses on refundings of debt	(461)	(264)
Mortgage servicing expenses	19,573	18,788
Provision for program loan losses	57,221	10,882
Operating expenses	39,773	38,895
Other expenses	252,786	110,346
Total operating expenses	<u>796,189</u>	<u>571,294</u>
Operating income/(loss) before transfers	(146,069)	9,774
Transfers, interfund	448,433	42,417
Increase in fund equity	302,364	52,191
Fund equity at beginning of year	1,445,104	1,392,913
Fund equity at end of year	<u>\$ 1,747,468</u>	<u>\$ 1,445,104</u>

See notes to combined financial statements.

CALIFORNIA HOUSING FINANCE FUND
COMBINED STATEMENTS OF CASH FLOWS
June 30, 2009 and June 30, 2008

(Dollars in Thousands)

	2009 Combined Totals	2008 Combined Totals
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 453,574	\$ 395,317
Payments to suppliers	(34,031)	(32,370)
Payments to employees	(26,523)	(26,166)
Other receipts payments	(82,217)	(905,382)
Net cash provided by (used for) operating activities	<u>310,803</u>	<u>(568,601)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due to other government entities	(97,387)	2,280
Net cash (used for) provided by noncapital financing activities	<u>(97,387)</u>	<u>2,280</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of bonds and debenture notes	310,945	1,864,927
Payment of bond principal	(122,819)	(93,870)
Early bond redemptions	(564,753)	(734,042)
Interest paid on debt	(412,536)	(391,684)
Interfund transfers	448,433	42,417
Additions to deferred costs	(1,924)	(7,707)
Net cash (used for) provided by capital and related financing activities	<u>(342,654)</u>	<u>680,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity and sale of investments	3,834,619	4,780,095
Purchase of investments	(3,827,161)	(4,878,991)
Interest on investments, net	76,135	100,505
Net cash provided by investing activities	<u>83,593</u>	<u>1,609</u>
Net (decrease) increase in cash and cash equivalents	(45,645)	115,329
Cash and cash equivalents at beginning of year	164,773	49,444
Cash and cash equivalents at end of year	<u>\$ 119,128</u>	<u>\$ 164,773</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating (loss) income	\$ (146,069)	\$ 9,774
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest expense on debt	427,297	392,647
Interest on investments	(66,314)	(90,689)
Changes in fair value of investments	(11,033)	3,746
Accretion of capital appreciation bonds	3,335	3,480
Amortization of bond discount	62	152
Amortization of deferred losses on refundings of debt	509	(1,260)
Amortization of bond issuance costs	4,639	3,992
Amortization of bond premium	(1,237)	(1,035)
Amortization of deferred revenue	(2,207)	(1,625)
Depreciation	201	182
Provision for program loan losses	57,221	10,882
Provision for yield reduction payments	(13,540)	23,926
Provision for nonmortgage investment excess	(1,947)	(13)
Changes in certain assets and liabilities:		
Purchase of program loans	(454,826)	(1,425,415)
Collection of principal from program loans, net	455,547	453,698
Interest receivable	4,087	(4,578)
Accounts receivable	(9,359)	2,986
Due from (to) other funds	-	-
Other assets	(56)	(98)
Compensated absences	(158)	252
Deposits and other liabilities	65,134	52,907
Due to other government entities	-	-
Deferred revenue	(483)	(2,512)
Net cash provided by (used for) operating activities	<u>\$ 310,803</u>	<u>\$ (568,601)</u>

See notes to combined financial statements.

CALIFORNIA HOUSING FINANCE FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2009 and 2008

Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION

The California Housing Finance Fund (“Fund”) is one of two continuously appropriated funds administered by the California Housing Finance Agency (“Agency”). The Agency was created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (“Act”), as amended, as a public instrumentality, a political subdivision and a component unit of the State of California (“State”), and administers the activities of the Fund and the California Housing Loan Insurance Fund (“Mortgage Insurance Fund”). These funds allow the Agency to carry out its purpose of financing the housing needs of persons and families of low and moderate income within the State. The Agency is authorized to issue its bonds, notes and other obligations to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency has no taxing power and is exempt from federal income taxes and state franchise taxes. Funding of loan programs on an on-going basis is derived principally from bond proceeds and interest earned on loans and investments.

The Agency may also provide administrative, consulting and technical services in connection with the financing of housing developments; act as a State representative in receiving and allocating federal housing subsidies; and make grants, under certain circumstances, to housing sponsors (providing that grants may not be made with proceeds from the sale of bonds or notes).

The Agency is the administrator of the Home Purchase Assistance Fund, established by Section 51341 of the Health and Safety Code *et seq.* which is a state general obligation bond program, the funds of which are neither generated nor held within the Fund, and therefore, not included in the accompanying combined financial statements.

The accompanying combined financial statements are the combined financial statements of the Fund and do not include the financial position or the results of operations of the Mortgage Insurance Fund which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2008, the Mortgage Insurance Fund had total assets of \$81,779,111 and equity of \$54,153,303, respectively (not covered by this Independent Auditors’ Report).

As a component unit of the State, the financial information of the Fund is included in the State’s Comprehensive Annual Financial Report.

Programs and accounts are as follows:

Home Mortgage Revenue Bonds: The Home Mortgage Revenue Bonds provide financing for the Agency’s Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lending institutions. All mortgage loans purchased under this program will be insured either by the Federal Housing Administration (“FHA”), the Mortgage Insurance Fund, the Department of Veterans Affairs (“VA”), a private mortgage guaranty insurance policy, or a combination thereof, covering a loss of up to fifty percent (50%), one hundred percent (100%) in the case of a FHA insured loan, of the outstanding principal amount of the mortgage loans.

Single Family Mortgage Bonds II: The Single Family Mortgage Bonds II, a parity indenture, provide financing for the Agency’s Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lending institutions. All mortgage loans purchased under this program will be insured either by the FHA, the Mortgage Insurance Fund, the VA or a private mortgage guaranty insurance policy covering a loss of up to fifty percent (50%), one hundred percent (100%) in the case of a FHA insured loan, of the outstanding principal amount of the mortgage loans.

Draw Down Bonds: The Draw Down Bonds are a low cost means for preserving tax exempt borrowing authority; they were issued in lieu of short term notes. The bonds are unrated and are issued in variable rate form and have monthly or weekly rate resets based on certain indices. The bonds are secured solely by their proceeds which are invested in investment agreements or the SMIF. These investments bear interest rates equal to or slightly in excess of the rates on the bonds.

Housing Program Bonds: The Housing Program Bonds Indenture was created to provide a vehicle for issuing debt to finance either multifamily or single family programs of the Agency. Bonds issued under this indenture are backed by the Agency’s general obligation. As of June 30, 2008, the Agency has three series of bonds issued and outstanding under this indenture. These bonds were issued to finance deferred payment, simple interest loans originated under certain of the Agency’s down payment assistance programs, as well as to finance certain multifamily loans.

Housing Mortgage Bonds: The Housing Mortgage Bonds are issued to enable the Agency to make or purchase Mortgage Loans and Mortgage Backed Securities secured by first liens on newly constructed or existing single family homes in California.

Multifamily Loan Purchase Bonds: On July 26, 2000, the Agency purchased 278 HUD Section 236 loans with an aggregate unpaid principal balance of approximately \$270 million. The purpose of this transaction was to enhance the ability of the Agency to assist affordable housing sponsors to refinance their projects and extend the period during which the units are offered at affordable rents to very-low-income and lower-income tenants. The Agency expects to provide the financing for many of these transactions.

Multifamily Housing Revenue Bonds II: The Multifamily Housing Revenue Bonds II are fixed rate bonds collateralized by the Government National Mortgage Association (“GNMA”) mortgage-backed securities and/or FHA insured loans. The bonds were issued to provide financing for multi-unit rental housing developments which are utilized for occupancy by persons and families of low and moderate income. The loans may provide acquisition, construction (both for new construction and rehabilitation) and permanent financing for developments.

Multifamily Housing Revenue Bonds III: The Multifamily Housing Revenue Bonds III are fixed or variable rate bonds collateralized by GNMA mortgage-backed securities and/or FHA insured loans and/or uninsured loans. The bonds provide financing for multi-unit rental housing developments which are utilized for occupancy by persons and families of low and moderate income. The loans may provide acquisition, construction (both for new construction and rehabilitation), and permanent financing for developments.

Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project): This Bond is issued pursuant and in compliance with the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, and a resolution of the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefore pursuant to the Indenture. The Bonds are issued to provide funds to finance a multifamily housing project located in the City of Santa Cruz, California, owned by Mission Gardens Affordable, L.P., a California limited partnership.

Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments Project): This Bond is issued pursuant and in compliance with the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, and a resolution of the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefore pursuant to the Indenture. The Bonds are issued to provide funds to finance a multifamily housing project located in the City of Ramona, California, owned by Montecito Village Affordable, L.P., a California limited partnership.

Housing Assistance Trust: The Housing Assistance Trust (“HAT”) is comprised of Agency investments in special purpose mortgage loans promoting both rental housing and homeownership, remaining investments in mortgage loans from fully redeemed bond indentures, and funds to assist in the development of single and multifamily projects through various low-interest loan and technical assistance programs. Also included within HAT are the debenture note payable related to the claim filed under the FHA Risk Sharing Act discussed in note 7, as well as funds held in trust representing Earned Surplus and Financial Adjustment Factor (“FAF”) Savings from HUD Section 8 projects. Earned Surplus is to be used in lowering the rents for persons and families of low or moderate income in accordance with state law. FAF Savings are to be used in providing decent, safe, and sanitary housing, which is available for very-low income families and persons qualifying in accordance with federal law.

Contract Administration Programs: The Agency administers loan and grant programs for the Rental Housing Construction Program, the School Facilities Fee Assistance Program, the California Homebuyer’s Down payment Assistance Program, National Foreclosure Mitigation Counseling Program, Mental Health Services Act Housing Program, and programs offered pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund received transfers in the amount of \$448,432,710 during fiscal year 2009.

Supplementary Bond Security Account: This account was established exclusively to secure issuances of bonds. This security may be accomplished by creating supplementary reserve accounts to provide for payment of the principal, interest, redemption premiums or sinking fund payments on bonds, or by insuring mortgage loans made with the proceeds of bond issues or to indemnify the Mortgage Insurance Fund for losses.

Emergency Reserve Account: This account was established by the Agency to meet its obligations and liabilities incurred in connection with its housing loan programs. This reserve is maintained at approximately one percent (1%) of the aggregate amount of the Agency’s net program loans receivable.

Loan Servicing: The Agency services nearly all multifamily program loans, a small portion of the homeownership program loans in first lien position, all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers Retirement System. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported as “Deposits and other Liabilities”.

Loan Warehousing: The Agency borrowed \$250,000,000 from the State's Pooled Money Investment Account "PMIA" for short-term warehousing of Agency loans. Homeownership loans are typically warehoused as they are purchased from originating lenders and subsequently transferred to individual bond financings on a monthly basis. The borrowing, which is reapplied for and approved in six-month intervals, requires that interest be paid on the loan at a rate equal to the earnings rate on the State's Surplus Money Investment Fund "SMIF" on the date of the new loan. In December 2008, the Pooled Money Investment Board "PMIB" advised that additional draws on PMIA short term credit line were frozen due to the state's strained cash position.

The Agency also has a revolving credit agreement "RCA" with a financial institution to provide a line of credit for short-term borrowings of up to \$100,000,000, which may be increased up to \$150,000,000. Under the terms of the agreement the Agency elects a fixed or variable rate of interest dependent on the expected duration of the draw and determined on the date of the draw as a stated spread to an associated index. The line of credit is available to the Agency until February 28, 2011. The proceeds of this credit facility are to be used for working capital purposes, including warehousing of multifamily program loans or homeownership program loans and making counterparty payments for various financial contracts. At June 30, 2009 draws totaling \$34,133,420 were outstanding. Both PMIA and RCA credit lines are general obligations of the Agency and repayment is secured by the Agency's general reserves.

Operating Account: The Operating Account was established for purposes of depositing funds available to the Agency for payment of operating and administrative expenses of the Agency and financing expenditures not associated with specific bond funds.

Reclassification

Certain reclassifications were made to the 2009 supplemental combining statements of revenue, expenses, and changes in fund equity in Homeownership Programs to reclass swap expenses to Other Programs and Accounts in accordance with the Homeownership bond indentures.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting: The Fund is accounted for as an enterprise fund. Accordingly, the accompanying combined financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (hereinafter referred to as "Generally Accepted Accounting Principles").

Accounting and Reporting Standards: The Agency follows the Standards of Governmental Accounting and Financial Reporting, as promulgated by the Governmental Accounting Standards Board ("GASB"). The Agency has adopted the option under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds Accounting*, which allows the Agency to apply all GASB pronouncements and only Financial Accounting Standards Board ("FASB") pronouncements which date prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use of Estimates: The preparation of combined financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the gap insurance loss reserve. Based on factors such as reported delinquency categories, claim frequency percentages, severity of loss percentages and level of mortgage insurance coverage, the Agency records the estimated gap insurance losses for the delinquent mortgage loan portfolio. Actual results could differ materially from those estimates.

Cash and Cash Equivalents: The Agency considers cash on hand, cash on deposit with financial institutions and cash held in money market funds to be cash and cash equivalents.

Investments: All investments are reported at fair value as determined by financial services providers or financial publications, except for certain non-participating fixed interest investment contracts which are valued using cost based measures. The net increase (decrease) in the fair value of investments includes both realized and unrealized gains and losses.

Interest Rate Swap Agreements: The Agency enters into interest rate swap agreements with swap counterparties to manage variable interest rate risk exposure resulting from the issuance of variable rate bonds. The interest rate swap agreements provide synthetic fixed rates of interest on the underlying bonds and are accounted for as matched swaps in accordance with settlement accounting. An interest rate swap is considered to be a matched swap if it is linked through designation with an asset or liability that is on the balance sheet, provided that it has the opposite interest characteristics of such balance sheet item. Under settlement accounting, periodic net cash settlements under the swap agreements are treated as an increase or decrease in interest expense of the related bond liability over the lives of the agreements. There is an accounting change in the recording of HMRB hedging activity in year ended June 30, 2009. Swap expenses, swap expenses (fair value), swap termination fees and the gain on termination of swaps previously recorded in Homeownership Programs have been reclassified and are now being recorded in Other Programs and Accounts. This change did not affect the Agency's

total net equity although it has affected the overall presentation of operating results within the financial statement categories. While these swap contracts hedge floating rate bonds issued within the HMRB indenture, hedging expenses are a general obligation of the Agency that is often reimbursed with excess revenue transfers from the HMRB indenture.

Program Loans Receivable, net: Loans receivable are carried at their outstanding principal balances, less an allowance for loan losses.

Allowance for Program Loan Losses: The Agency's policy is to charge expenses for estimated probable losses which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans based on evaluations of collectibility and prior loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentrations, specific problem loans, delinquencies, and anticipated economic and other conditions that may affect the borrowers' ability to repay the loans. While management uses the best information available to evaluate the adequacy of its allowance, future adjustments to the allowance may be necessary if actual experience differs from the factors used in making the evaluations.

Other Real Estate Owned ("REO"): Property acquired by the Agency through foreclosure is recorded at the lower of estimated fair value less estimated selling costs (fair value) or the carrying value of the related loan at the date of foreclosure and is included in "Other Assets" on the accompanying combined financial statements. At the time the property is acquired, if the fair value is less than the loan amounts outstanding, any difference is charged against the allowance for loan losses. After acquisition, valuations are periodically performed and, if the carrying value of the property exceeds the current fair value, a valuation allowance is established by a charge to operations. Subsequent increases in the fair value may reduce or eliminate the allowance. Operating costs on foreclosed real estate are expensed as incurred. Costs incurred for physical improvements to foreclosed real estate are capitalized if the value is recoverable through future sale.

Bonds Payable, net: Bonds Payable and Debenture Notes Payable are carried at their outstanding principal balances, plus unamortized bond premiums, less unamortized bond discounts, unamortized underwriters discounts and deferred losses on refundings.

Bond Premium, Discount and Deferred Financing Costs: Premium, discount and financing costs on bonds are deferred and amortized over the life of the related bond issue using the straight line method of amortization.

Capital Appreciation Bonds: Capital appreciation bonds are payable upon redemption or at maturity in an amount equal to the initial principal amount of such bond plus an amount of interest which, based on semi-annual compounding from the original issuance date, will produce a given yield to the stated maturity. This "Accreted Value" is accrued as bond interest, thereby increasing the original issuance amount of the capital appreciation bond which is not paid until redemption or maturity.

Compensated Absences: Agency employees accrue vacation or annual leave in varying amounts for each monthly period worked. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination, or death may be compensated for certain accumulated amounts at their then current rates of pay. The Agency records an expense for all accumulated leave that the Agency would be required to pay if all employees terminated their employment.

Deferred Revenue: Deferred revenue represents the receipt of certain loan commitment fees and other fees from lenders and borrowers, which is generally recognized as revenue over the life of the associated loans. Also included in deferred revenue is the cumulative amount by which pass-through revenues exceed expenses and allowable costs of issuance of certain programs.

Fund Equity: Fund equity is classified as invested in capital assets or restricted equity. Invested in capital assets represents investments in office equipment and furniture net of depreciation. Restricted equity represents equity balances under the lien of bond indentures that are therefore pledged to bondholders. State statutes further restrict other net assets of the Fund solely for purposes of the Agency and provide for a continuing appropriation of such assets for the benefit of bondholders.

Extinguishment of Debt: The Agency accounts for gains and losses associated with debt refundings by deferring such gains or losses and recognizing them as revenues or expenses over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Gains or losses associated with debt redemptions and maturing principal, other than refundings, are recognized as income or expense at the date of the extinguishment.

Operating Revenues and Expenses: The Fund's primary operating revenue is derived from the investment of bond proceeds in the loan programs and investment securities. The primary expense is interest expense on bonds outstanding. Net interest income is an important measure of performance for the Fund. "Interest income program loans" and "interest income investments-net" are shown as operating revenues in the statements of Revenue, Expenses and Changes in Fund Equity.

Other Operating Revenues and Expenses: The Agency administers certain Section 8 contracts under the HUD guidelines of New Construction and Substantial Rehabilitation. Included in most contracts is an administrative fee earned by the Agency which totaled \$1,605,564 and \$1,614,728 the years ended June 30, 2009 and 2008, respectively. The Agency also administers National Foreclosure Mitigation Counseling Program (FMC). The HUD/FMC pass-through payments aggregated \$72,832,268 and \$73,532,713 for the years ended June 30, 2009 and 2008, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

Recently Adopted Accounting Standards: In fiscal year 2008-09, the agency adopted new statements issued by the Governmental Accounting Standards Board ("GASB").

Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective April 2, 2009. GASB Statement No. 55 incorporates the hierarchy of generally accepted Accounting principles ("GAAP") for state and local governments into the GASB's authoritative literature. The statement will improve financial reporting by contributing to GASB's efforts to codify all GAAP for state and local governments. The adoption of GASB Statement No. 55 did not have a material impact on the Agency's financial statements or results of operations.

Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, effective April 6, 2009. GASB Statement No. 56 incorporates accounting and financial reporting guidance only contained in the American Institute of Certified Public Accountants ("AICPA") auditing literature for state and local governments. The statement addresses three issues from the AICPA's literature – related party transactions, going concern considerations, and subsequent events. The adoption of GASB Statement No. 56 did not have a material impact on the Agency's financial statements or results of operations.

New Accounting Standards: GASB issued statements for the future reporting periods that will be applicable to the Agency.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for period beginning after June 15, 2009, with earlier application encouraged. The Agency will adopt GASB 53 in fiscal year 2010. GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments. The Agency is currently evaluating the impact on the Agency's financial position and result of operations that will result from adopting GASB Statement No. 53.

Note 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Fund utilizes a cash and investment pool maintained by the State Treasurer's office. Each program and account's portion of this pool is included in investments on the balance sheet. In addition, other types of investments are separately held by most of the programs and accounts.

Cash and Cash Equivalents: At June 30, 2009 and 2008, all cash and cash equivalents, totaling \$119,128,000 and \$164,773,000, respectively, were covered by federal depository insurance or by collateral held by the Agency's agent in the Agency's name.

Investments: Investment of funds is restricted by the Act and the various bond resolutions and indentures of the Agency, generally, to certain types of investment securities, including direct obligations of the U.S. Government and its agencies, the State Treasurer's Pooled Money Investment Account, long term investment agreements which are issued by institutions rated within the top two ratings of a nationally recognized rating service, and other financial instruments. The Fund's investments are categorized to give an indication of the level of risk assumed by the Agency at June 30, 2009. Category 1 includes investments that are insured or registered or for which the securities are held within the Fund by the Agency's agent in the Agency's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Agency's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agency but not in the Agency's name.

In connection with some of the cancellation of insurance on Home Mortgage Revenue Bonds, the Agency is required to post collateral on the swap associated with these bonds. As of June 30, 2009, the total fair market value of investment securities posted as collateral was \$17,326,000.

Investments at June 30, 2009 and 2008 are as follows (dollars in thousands):

		Category		Fair Value June 30, 2009	Fair Value June 30, 2008
	1	2	3		
U.S. Treasury Securities	\$ -			\$ -	\$ 1,291
U.S. Agency Securities --- GNMA's	6,034			6,034	6,670
Federal Agency Securities	239,659			239,659	211,816
Investment Agreements --- Financial Institutions (at cost)		\$ 144,782		144,782	285,739
Total	<u>\$ 245,693</u>	<u>\$ 144,782</u>	<u>\$ -</u>		
Other Investments (not subject to categorization):					
Surplus Money Investment Fund --- State of California				1,637,710	1,409,058
Other Investment Agreements (at cost)				88,777	198,812
Total Investments				<u>\$ 2,116,962</u>	<u>\$ 2,113,386</u>
Current portion				1,875,314	1,897,671
Noncurrent portion				241,648	215,715
Total				<u>\$ 2,116,962</u>	<u>\$ 2,113,386</u>

Note 4 – INVESTMENT RISK FACTORS

Investments by type at June 30, consist of the following (dollars in thousands):

	2009 Combined Totals	2008 Combined Totals
U.S. Treasury Securities	\$ -	\$ 1,291
U.S. Agency Securities --- GNMA's	6,034	6,670
Federal Agency Securities	239,659	211,816
Investment Agreements --- Financial Institutions (at cost)	233,559	484,551
Surplus Money Investment Fund --- State of California	1,637,710	1,409,058
Total Investments	<u>\$ 2,116,962</u>	<u>\$ 2,113,386</u>

There are many factors that can affect the value of investments. Some, such as credit risk, custodial credit risk, and concentration of credit risk and interest rate risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. It is the investment policy of the Agency to invest substantially all of its funds in fixed income securities, which limits the Agency's exposure to most types of risk.

Credit Risk: Fixed income securities are subject to credit risk, which is the chance that a issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at June 30, is as follows (dollars in thousands):

	2009 Combined Totals	2008 Combined Totals
Fixed income securities:		
U.S. government guaranteed	\$ 245,693	\$ 219,777
Guaranteed interest contracts:		
Rated Aaa/AAA	55,121	99,114
Rated Aaa/AA+	-	-
Rated Aaa/AA-	954	6,754
Rated Aa3/AA	-	90,228
Rated Aa3/AA-	-	72,710
Rated Aa3/A+	11,012	43,528
Rated Aa2/AA+	9,717	-
Rated Aa2/AA	-	3,566
Rated Aa2/AA-	3,344	149,490
Rated Aa2/A+	84,126	-
Rated Aa1/AA	-	4,051
Rated Aa1/AA-	-	15,109
Rated A3/A	3,140	-
Rated A1/AA-	63,294	-
Rated A1/A+	2,851	-
Total fixed income securities	<u>\$ 479,252</u>	<u>\$ 704,327</u>

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. At June 30, 2009, the Agency did not have any investments exposed to custodial credit. All investments are held by the State of California or a pledging financial institutions in the name of the Agency.

Concentration of Credit Risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the Agency to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as the commingled funds managed by the Agency are not considered subject to concentration of credit risk. At June 30, 2009, no investments in any one issuer exceed 5% of the net assets, except for securities issued by the U.S. government or its agencies.

Interest Rate Risk: Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2009, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The effective duration for fixed income securities at June 30, is as follows:

	<u>2009</u>	<u>2008</u>
Fixed income securities:		
U.S. government guaranteed	11.71	11.80
Commercial Paper	N/A	N/A

Note 5 – PROGRAM LOANS RECEIVABLE

Changes in program loans receivable for the years ended June 30, 2009 and 2008 are as follows (dollars in thousands):

	2009	2008
	Combined	Combined
	<u>Totals</u>	<u>Totals</u>
Beginning of the year balance	\$ 8,557,404	\$ 7,590,381
Loans purchased/funded	496,376	1,426,120
Amortized principal repayments	(319,718)	(268,051)
Loan prepayments	(176,350)	(185,647)
Chargeoffs	<u>(25,679)</u>	<u>(5,399)</u>
Subtotal	8,532,033	8,557,404
Unamortized Mortgage Discount	(3,307)	(2,277)
Transfer REO to other assets	(95,669)	(40,065)
Allowance for loan losses	<u>(112,491)</u>	<u>(80,948)</u>
End of year balance	<u><u>\$ 8,320,566</u></u>	<u><u>\$ 8,434,114</u></u>
Current portion	\$ 307,511	\$ 323,751
Noncurrent portion	<u>8,013,055</u>	<u>8,110,363</u>
Total	<u><u>\$ 8,320,566</u></u>	<u><u>\$ 8,434,114</u></u>

Note 6 – ALLOWANCE FOR PROGRAM LOAN LOSSES

Changes in the allowance for program loan losses for the year ended June 30, 2009 and 2008 are as follows (dollars in thousands):

	2009	2008
	Combined	Combined
	<u>Totals</u>	<u>Totals</u>
Beginning of year balance	\$80,948	\$75,465
Provisions for program loan losses	57,221	10,882
Chargeoffs	<u>(25,678)</u>	<u>(5,399)</u>
End of year balance	<u><u>\$ 112,491</u></u>	<u><u>\$ 80,948</u></u>

Note 7 – BONDS AND DEBENTURE NOTES PAYABLE AND ASSOCIATED INTEREST RATE SWAPS

The Act empowers the Agency, on behalf of the Fund, to issue both federally taxable and tax exempt bonds and notes. Bonds and notes issued by the Agency are not debts of the State but are special and general obligations of the Agency payable solely from and collateralized by the revenues and other assets pledged under the respective indentures. The Act provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of \$13.15 billion excluding refunding issues and certain taxable securities.

The Agency, on behalf of the Fund, as part of its interest rate risk management program, has entered into interest rate swap agreements with various counterparties wherein the Agency has agreed to pay fixed or variable rates of interest and receive floating rate payments.

Bonds payable and the terms and outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2009 are as follows (dollars in thousands):

Bonds and Debenture Notes						
<u>Bond Issue</u>	<u>Type of Bond</u>	<u>Interest Rate Range</u>	<u>Final Maturity Date</u>	<u>Outstanding Fixed</u>	<u>Outstanding Variable</u>	<u>Total</u>
Home Mortgage Revenue Bonds:						
1982 Series A	Tax-Exempt	10.250%	2014	\$ 1,590		\$ 1,590
1982 Series B	Tax-Exempt	10.625%	2014	500		500
1983 Series A	Tax-Exempt	10.263%	2015	16,725		16,725
1983 Series B	Tax-Exempt	10.751%	2015	3,462		3,462
1984 Series B	Tax-Exempt	11.493%	2016	487		487
1985 Series A	Tax-Exempt	10.989%	2016	844		844
1985 Series B	Tax-Exempt	9.876%	2017	3,475		3,475
1997 Series O	Tax-Exempt	5.650%	2027	5,435		5,435
1998 Series F	Tax-Exempt	4.700% - 5.100%	2016	10,990		10,990
1998 Series J	Tax-Exempt	4.850%	2027	1,075		1,075
1998 Series M	Taxable	5.590%	2023		9,490	9,490
1999 Series F	Tax-Exempt	5.200%	2028	4,243		4,243
1999 Series G	Taxable	6.870%	2011	8,255		8,255
1999 Series N	Tax-Exempt	5.100% - 5.300%	2031	18,215		18,215
1999 Series O	Taxable	1.250%	2012		9,475	9,475
1999 Series O	Taxable	1.250%	2012		4,990	4,990
2000 Series B	Tax-Exempt	6.200%	2019	2,339		2,339
2000 Series D	Taxable	1.260%	2023		11,925	11,925
2000 Series D	Taxable	1.260%	2023		16,160	16,160
2000 Series H	Taxable	1.220%	2017		9,885	9,885
2000 Series H	Taxable	1.220%	2017		17,075	17,075
2000 Series J	Tax-Exempt	2.430%	2031		24,565	24,565
2000 Series J	Tax-Exempt	2.430%	2031		565	565
2000 Series K	Taxable	5.980%	2031		8,925	8,925
2000 Series N	Tax-Exempt	2.430%	2031		29,075	29,075
2000 Series V	Taxable	1.740%	2032		34,680	34,680
2000 Series V	Taxable	1.740%	2032		11,960	11,960
2000 Series X-1	Tax-Exempt					
2000 Series X-2	Tax-Exempt	1.110%	2031		29,740	29,740
2000 Series Z	Taxable	1.280%	2031		37,200	37,200
2000 Series Z	Taxable	1.280%	2031		3,715	3,715
2001 Series C	Tax-Exempt					
2001 Series C	Tax-Exempt					

SWAPS

Fixed Rate Paid By <u>Agency</u>	Floating Rate Received By <u>Agency</u>	Effective <u>Date</u>	Termination <u>Date</u>	Outstanding Notional/Applicable <u>Amount</u>	Fair <u>Value</u>
6.6550%	LIBOR	12/9/99	8/1/12	\$ 9,475	\$ (615)
7.1950%	LIBOR	1/27/00	2/1/13	11,925	(881)
7.2600%	LIBOR	4/6/00	8/1/10	9,885	(161)
4.9000%	LIBOR @ 65%	5/25/00	8/1/30	24,565	(4,414)
7.5000%	LIBOR	5/25/00	2/1/17	47,455	(1,970)
5.1600%	LIBOR @ 65%	5/25/00	8/1/22	29,915	(1,457)
7.0960%	6 mo LIBOR	10/5/00	8/1/14	34,680	(3,615)
4.3580%	LIBOR @ 64%	12/13/00	8/1/15	3,420	(196)
4.5100%	LIBOR @ 65%	12/13/00	8/1/31	30,100	(4,445)
6.8430%	3 mo LIBOR	12/13/00	8/1/16	37,200	(4,383)
3.9000%	LIBOR @ 65%	1/25/01	8/1/20	4,885	(252)
4.1600%	LIBOR @ 65%	1/25/01	8/1/16	780	(474)

Bonds and Debenture Notes

<u>Bond Issue</u>	<u>Type of Bond</u>	<u>Interest Rate Range</u>	<u>Final Maturity Date</u>	<u>Outstanding Fixed</u>	<u>Outstanding Variable</u>	<u>Total</u>
2001 Series D	Taxable	1.360%	2022		53,890	53,890
2001 Series D	Taxable	1.360%	2022		10,810	10,810
2001 Series G	Taxable	1.300%	2029		34,085	34,085
2001 Series G	Taxable	1.300%	2029		17,225	17,225
2001 Series J	Tax-Exempt	0.800%	2032		44,085	44,085
2001 Series J	Tax-Exempt	0.800%	2032		1,315	1,315
2001 Series K	Taxable	1.340%	2032		67,105	67,105
2001 Series N	Tax-Exempt					
2001 Series O	Taxable	1.370%	2032		57,855	57,855
2001 Series O	Taxable	1.370%	2032		7,680	7,680
2001 Series R	Tax-Exempt					
2001 Series S	Taxable	1.410%	2023		39,495	39,495
2001 Series S	Taxable	1.410%	2023		5,400	5,400
2001 Series U	Tax-Exempt	2.040%	2032		52,350	52,350
2001 Series V	Taxable	1.230%	2031		16,345	16,345
2002 Series B	Tax-Exempt	3.740%	2033		40,945	40,945
2002 Series B	Tax-Exempt	3.740%	2033		5	5
2002 Series C	Taxable	1.350%	2033		25,925	25,925
2002 Series C	Taxable	1.350%	2033		11,300	11,300
2002 Series D	Taxable	1.270%	2030		18,930	18,930
2002 Series D	Taxable	1.270%	2030		14,420	14,420
2002 Series F	Tax-Exempt	3.840%	2033		48,045	48,045
2002 Series H	Taxable	1.350%	2022		13,320	13,320
2002 Series H	Taxable	1.350%	2022		10,615	10,615
2002 Series J	Tax-Exempt	0.770%	2033		80,485	80,485
2002 Series J	Tax-Exempt	0.770%	2033		930	930
2002 Series L	Taxable	1.350%	2024		19,500	19,500
2002 Series L	Taxable	1.350%	2024		5,210	5,210
2002 Series M	Tax-Exempt	0.450%	2032		41,600	41,600
2002 Series M	Tax-Exempt	0.450%	2032		4,095	4,095
2002 Series M	Tax-Exempt	0.450%	2033		30,300	30,300
2002 Series O	Taxable	1.320%	2033		15,040	15,040
2002 Series O	Taxable	1.320%	2033		8,510	8,510
2002 Series P	Tax-Exempt					
2002 Series Q	Tax-Exempt	0.770%	2033		20,225	20,225
2002 Series U	Tax-Exempt	2.370%	2032		35,575	35,575
2002 Series U	Tax-Exempt	2.370%	2031		37,255	37,255
2002 Series U	Tax-Exempt	2.370%	2031		4,150	4,150
2002 Series V	Tax-Exempt	3.150% - 3.750%	2009	1,535		1,535
2003 Series B	Taxable	1.230%	2027		600	600
2003 Series D	Tax-Exempt	2.700%	2033		48,500	48,500
2003 Series D	Tax-Exempt	2.000%	2022		38,005	38,005
2003 Series F	Tax-Exempt	2.820%	2022		46,225	46,225
2003 Series F	Tax-Exempt	2.820%	2034		78,830	78,830
2003 Series G	Taxable	1.250%	2034		19,295	19,295
2003 Series H	Tax-Exempt	2.890%	2032		49,925	49,925
2003 Series H	Tax-Exempt	2.890%	2033		55,580	55,580
2003 Series I	Taxable	1.280%	2033		34,940	34,940
2003 Series K	Tax-Exempt	0.730%	2033		62,650	62,650
2003 Series K	Tax-Exempt	0.730%	2033		985	985
2003 Series K	Tax-Exempt	0.730%	2034		46,905	46,905
2003 Series L	Taxable	1.280%	2034		32,420	32,420
2003 Series M	Tax-Exempt	0.510%	2024		51,645	51,645
2003 Series M	Tax-Exempt	0.510%	2024		670	670
2003 Series M	Tax-Exempt	0.910%	2034		74,740	74,740

SWAPS

Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
6.2150%	3 mo LIBOR+.26%	1/25/01	8/1/19	53,890	(6,126)
6.0100%	3 mo LIBOR+.20%	4/5/01	2/1/16	34,085	(3,036)
4.1430%	LIBOR @ 65%	5/31/01	8/1/24	44,085	(4,102)
3.9910%	LIBOR @ 65%	7/26/01	8/1/18	12,485	(943)
6.3600%	3 mo LIBOR+.27%	7/26/01	8/1/20	57,855	(7,132)
Fixed Amount	LIBOR @ 65%	10/10/01	8/1/11	2,295	(894)
5.5300%	3 mo LIBOR+.31%	10/10/01	8/1/18	39,495	(3,206)
4.1300%	SIFMA less .15%	12/6/01	8/1/32	52,350	(4,313)
3.8880%	LIBOR @ 65%	4/18/02	8/1/27	40,945	(4,608)
5.6000%	3 mo LIBOR+.25%	5/1/02	8/1/12	25,925	(1,328)
5.8000%	3 mo LIBOR+.17%	8/1/02	2/1/11	18,930	(645)
3.9940%	LIBOR @ 65%	6/6/02	2/1/24	48,045	(4,739)
5.5350%	3 mo LIBOR+.25%	11/1/02	2/1/13	13,320	(586)
3.8630%	LIBOR @ 65%	8/8/02	8/1/32	80,485	(7,100)
5.1000%	3 mo LIBOR+.25%	12/1/02	2/1/13	19,500	(888)
3.7280%	LIBOR @ 65%	10/17/02	8/1/22	41,600	(4,045)
Fixed Amount	LIBOR @ 65%	10/17/02	8/1/12	4,095	(1,422)
4.4800%	LIBOR @ 65%	10/17/02	8/1/33	30,300	(96)
3.9890%	3 mo LIBOR+.22%	2/3/03	2/1/12	15,040	(459)
3.1480%	LIBOR @ 65%	12/12/02	8/1/22	55,525	(3,083)
3.8200%	LIBOR @ 65%	12/12/02	8/1/32	20,225	(645)
3.9100%	LIBOR @ 60%+.26%	3/6/03	2/1/31	35,575	(369)
3.2400%	LIBOR @ 60%+.26%	3/6/03	2/1/31	37,255	1,592
3.7750%	LIBOR @ 60%+.26%	4/10/03	8/1/33	48,500	(1,216)
3.1300%	LIBOR @ 60%+.26%	4/10/03	8/1/19	38,005	(1,076)
3.1250%	LIBOR @ 60%+.26%	3/26/03	2/1/18	46,225	(1,979)
3.7000%	LIBOR @ 60%+.26%	3/26/03	2/1/34	78,830	(1,441)
2.6750%	LIBOR @ 60%+.26%	8/7/03	8/1/30	49,925	(749)
3.4270%	LIBOR @ 60%+.26%	8/7/03	8/1/33	55,580	269
3.2700%	LIBOR @ 60%+.26%	8/1/04	2/1/18	62,650	(2,783)
4.2450%	LIBOR @ 60%+.26%	8/1/04	8/1/30	46,905	(688)
3.2250%	LIBOR @ 60%+.26%	2/2/04	8/1/19	51,645	(1,843)
3.8900%	LIBOR @ 60%+.26%	2/2/04	2/1/34	74,740	(1,889)

Bonds and Debenture Notes

<u>Bond Issue</u>	<u>Type of Bond</u>	<u>Interest Rate Range</u>		<u>Final Maturity Date</u>	<u>Outstanding Fixed</u>	<u>Outstanding Variable</u>	<u>Total</u>
2003 Series N	Taxable		1.310%	2034		37,060	37,060
2004 Series A	Tax-Exempt		0.820%	2033		36,590	36,590
2004 Series A	Tax-Exempt		0.820%	2034		33,870	33,870
2004 Series A	Tax-Exempt		0.820%	2034		695	695
2004 Series B	Taxable		1.270%	2034		4,235	4,235
2004 Series E	Tax-Exempt		0.470%	2035		53,955	53,955
2004 Series E	Tax-Exempt		0.470%	2035		69,040	69,040
2004 Series F	Taxable		1.290%	2035		46,690	46,690
2004 Series G	Tax-Exempt		0.770%	2034		59,230	59,230
2004 Series G	Tax-Exempt		0.770%	2035		23,280	23,280
2004 Series H	Taxable		1.330%	2035		6,935	6,935
2004 Series I	Tax-Exempt		0.810%	2034		17,065	17,065
2004 Series I	Tax-Exempt		0.810%	2035		10,970	10,970
2004 Series I	Tax-Exempt		0.810%	2035		1,680	1,680
2005 Series A	Tax-Exempt		1.980%	2035		151,125	151,125
2005 Series B	Tax-Exempt		0.390%	2016		44,680	44,680
2005 Series B	Tax-Exempt		0.390%	2035		95,220	95,220
2005 Series B	Tax-Exempt		0.410%	2035		9,260	9,260
2005 Series B	Tax-Exempt		0.410%	2035		4,100	4,100
2005 Series C	Tax-Exempt	3.250%	- 3.700%	2013	26,190		26,190
2005 Series D	Tax-Exempt		2.890%	2038		59,775	59,775
2005 Series D	Tax-Exempt		2.890%	2038		3,770	3,770
2005 Series D	Tax-Exempt		2.890%	2040		79,445	79,445
2005 Series D	Tax-Exempt		2.890%	2040		26,685	26,685
2005 Series E	Tax-Exempt	3.125%	- 3.350%	2011	8,780		8,780
2005 Series F	Tax-Exempt		0.380%	2037		67,870	67,870
2005 Series F	Tax-Exempt		0.380%	2037		2,995	2,995
2005 Series F	Tax-Exempt		0.380%	2038		86,685	86,685
2005 Series F	Tax-Exempt		0.380%	2040		16,425	16,425
2005 Series G	Tax-Exempt		2.250%	2034		19,870	19,870
2005 Series G	Tax-Exempt		2.250%	2034		12,745	12,745
2005 Series H	Tax-Exempt		2.250%	2036		76,190	76,190
2005 Series H	Tax-Exempt		2.250%	2036		6,715	6,715
2005 Series H	Tax-Exempt		2.250%	2036		74,165	74,165
2006 Series A	Tax-Exempt		2.250%	2035		32,865	32,865
2006 Series A	Tax-Exempt		2.250%	2035		910	910
2006 Series B	Tax-Exempt	3.650%	- 4.000%	2013	19,575		19,575
2006 Series C	Tax-Exempt		4.250%	2037		83,095	83,095
2006 Series C	Tax-Exempt		4.250%	2037		2,060	2,060
2006 Series C	Tax-Exempt		4.250%	2037		89,005	89,005
2006 Series D	Tax-Exempt	4.250%	- 4.400%	2017	20,000		20,000
2006 Series E	Tax-Exempt	4.250%	- 5.050%	2026	93,290		93,290
2006 Series F	Tax-Exempt		3.120%	2041		50,000	50,000
2006 Series F	Tax-Exempt		3.120%	2041		60,000	60,000
2006 Series G	Tax-Exempt	3.650%	- 3.875%	2016	29,490		29,490
2006 Series H	Tax-Exempt	3.875%	- 5.750%	2030	59,010		59,010
2006 Series I	Tax-Exempt	4.600%	- 4.875%	2041	165,310		165,310
2006 Series J	Tax-Exempt	3.650%	- 4.150%	2016	27,840		27,840
2006 Series K	Tax-Exempt	4.550%	- 4.800%	2042	256,410		256,410
2006 Series L	Tax-Exempt	3.625%	- 4.150%	2016	45,775		45,775
2006 Series M	Tax-Exempt	4.550%	- 4.750%	2042	215,660		215,660
2007 Series A	Taxable		5.720%	2032	90,000		90,000
2007 Series B	Taxable		1.280%	2042		40,000	40,000
2007 Series C	Taxable		1.280%	2042		20,000	20,000
2007 Series D	Tax-Exempt	3.750%	- 4.400%	2018	71,170		71,170
2007 Series E	Tax-Exempt	4.650%	- 4.800%	2042	191,390		191,390

SWAPS

Fixed Rate Paid By <u>Agency</u>	Floating Rate Received By <u>Agency</u>	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
3.0875%	LIBOR @ 60%+.26%	8/1/04	8/1/30	36,590	(1,555)
4.0450%	LIBOR @ 60%+.26%	8/1/04	2/1/34	33,870	(189)
3.5400%	LIBOR @ 60%+.26%	4/1/05	8/1/20	53,955	(2,870)
4.1330%	LIBOR @ 60%+.26%	4/1/05	2/1/35	69,040	(3,558)
3.6100%	LIBOR @ 60%+.26%	2/1/05	2/1/34	59,230	(4,595)
4.0821%	LIBOR @ 60%+.26%	8/1/04	2/1/35	23,280	(812)
3.5600%	LIBOR @ 60%+.26%	8/4/04	2/1/33	17,065	(1,359)
4.0750%	LIBOR @ 60%+.26%	8/4/04	2/1/35	10,970	(170)
3.8040%	LIBOR @ 60%+.26%	4/5/05	8/1/35	151,125	(82)
3.0490%	LIBOR @ 60%+.26%	7/1/05	2/1/16	44,680	(1,650)
3.7260%	LIBOR @ 60%+.26%	7/1/05	2/1/35	95,220	(1,246)
3.6900%	LIBOR @ 65%	10/10/01	8/1/35	15,935	(1,374)
3.1580%	LIBOR @ 60%+.26%	5/19/05	2/1/36	59,775	(2,893)
3.6040%	LIBOR @ 60%+.26%	5/19/05	2/1/40	79,445	(527)
3.2200%	LIBOR @ 60%+.26%	7/28/05	8/1/31	67,870	(1,354)
3.3860%	LIBOR @ 60%+.26%	7/28/05	2/1/38	86,685	(1,415)
4.4540%	97% SIFMA & HR	12/15/05	2/1/34	21,160	(457)
3.9320%	LIBOR @ 62%+.25%&HR	12/15/05	2/1/34	13,580	(363)
3.6500%	LIBOR @ 62%+.25%	12/15/05	8/1/31	76,190	(4,493)
3.8570%	LIBOR @ 62%+.25%	12/15/05	2/1/36	74,165	(2,869)
4.3530%	97% SIFMA	2/2/06	8/1/35	32,865	(617)
4.0180%	LIBOR @ 62%+.25%	4/19/06	8/1/30	83,095	(4,051)
4.0590%	LIBOR @ 62%+.25%	4/19/06	2/1/37	89,005	(5,265)
4.2550%	LIBOR @ 62%+.25%	7/27/06	8/1/40	60,000	(3,065)
4.1360%	LIBOR @ 62%+.25%	7/27/06	2/1/41	60,000	(4,991)

Bonds and Debenture Notes

<u>Bond Issue</u>	<u>Type of Bond</u>	<u>Interest Rate Range</u>		<u>Final Maturity Date</u>	<u>Outstanding Fixed</u>	<u>Outstanding Variable</u>	<u>Total</u>
2007 Series F	Tax-Exempt	3.950%	-	4.700%	2017	44,865	44,865
2007 Series G	Tax-Exempt	4.950%	-	5.500%	2029	109,025	109,025
2007 Series G	Tax-Exempt	4.950%	-	5.500%	2042	88,040	88,040
2007 Series H	Tax-Exempt			2.290%	2033	50,000	50,000
2007 Series H	Tax-Exempt			2.290%	2042	50,000	50,000
2007 Series I	Tax-Exempt	3.700%	-	4.350%	2017	16,685	16,685
2007 Series J	Tax-Exempt	4.950%	-	5.050%	2027	55,470	55,470
2007 Series J	Tax-Exempt			5.750%	2047	37,215	37,215
2007 Series K	Tax-Exempt			0.910%	2037	25,000	25,000
2007 Series K	Tax-Exempt			0.910%	2038	25,000	25,000
2007 Series L	Taxable			5.530%	2027	49,710	49,710
2007 Series M	Taxable			5.835%	2032	89,170	89,170
2007 Series N	Taxable			1.280%	2043	60,000	60,000
2008 Series A	Tax-Exempt	3.000%	-	4.500%	2020	42,510	42,510
2008 Series B	Tax-Exempt	4.800%	-	4.800%	2028	35,960	35,960
2008 Series C	Tax-Exempt			2.060%	2041	13,920	13,920
2008 Series C	Tax-Exempt			2.060%	2041	20,085	20,085
2008 Series C	Tax-Exempt			2.060%	2041	15,850	15,850
2008 Series C	Tax-Exempt			2.060%	2041	7,005	7,005
2008 Series C	Tax-Exempt			2.060%	2041	7,760	7,760
2008 Series C	Tax-Exempt			2.060%	2041	5,945	5,945
2008 Series D	Tax-Exempt			2.070%	2043	1,680	1,680
2008 Series D	Tax-Exempt			2.070%	2043	2,595	2,595
2008 Series D	Tax-Exempt			2.070%	2043	1,355	1,355
2008 Series D	Tax-Exempt			2.070%	2043	3,865	3,865
2008 Series D	Tax-Exempt			2.070%	2043	4,210	4,210
2008 Series D	Tax-Exempt			2.070%	2043	1,980	1,980
2008 Series D	Tax-Exempt			2.070%	2031	45,600	45,600
2008 Series D	Tax-Exempt			2.070%	2031	37,675	37,675
2008 Series E	Tax-Exempt			0.450%	2032	28,450	28,450
2008 Series E	Tax-Exempt			0.450%	2032	17,950	17,950
2008 Series E	Tax-Exempt			0.450%	2032	19,055	19,055
2008 Series F	Tax-Exempt			2.060%	2032	25,000	25,000
2008 Series G	Taxable			6.000%	2025	50,000	50,000
2008 Series H	Taxable			4.950%	2020	100,000	100,000
2008 Series I	Taxable			2.940%	2042	17,000	17,000
2008 Series I	Taxable			2.940%	2042	44,865	44,865
2008 Series I	Taxable			2.940%	2042	86,905	86,905
2008 Series J	Tax-Exempt	3.375%	-	5.125%	2018	79,525	79,525
2008 Series K	Tax-Exempt	5.300%	-	5.600%	2038	220,475	220,475
2008 Series L	Tax-Exempt	1.750%	-	4.450%	2018	189,790	189,790
2008 Series M	Tax-Exempt	5.750%	-	5.950%	2025	60,210	60,210
Single Family Mortgage Bonds II:							
1997 Series A-1	Tax-Exempt	5.400%	-	6.000%	2020	4,580	4,580
1997 Series B-1	Tax-Exempt	4.950%	-	5.650%	2028	2,945	2,945
1997 Series B-3	Tax-Exempt	4.750%	-	5.400%	2029	7,390	7,390
1997 Series C-1	Tax-Exempt			5.050%	2011	865	865
1997 Series C-2	Tax-Exempt			5.625%	2020	2,260	2,260
1997 Series C-3	Taxable			6.790%	2029	380	380
1998 Series A	Tax-Exempt	4.750%	-	5.375%	2026	1,180	1,180
1998 Series B	Tax-Exempt	5.150%	-	5.200%	2030	540	540
1999 Series A-2	Tax-Exempt	5.100%	-	5.250%	2030	6,350	6,350
1999 Series A-3	Taxable			5.880%	2021	1,295	1,295
1999 Series D-2	Tax-Exempt			5.200%	2013	700	700
1999 Series D-3	Taxable			6.880%	2017	2,065	2,065

SWAPS

Fixed Rate Paid By <u>Agency</u>	Floating Rate Received By <u>Agency</u>	Effective <u>Date</u>	Termination <u>Date</u>	Outstanding Notional/Applicable <u>Amount</u>	Fair <u>Value</u>
4.0480%	LIBOR @ 62%+.25%	8/8/07	2/1/31	50,000	(4,648)
4.2360%	LIBOR @ 62%+.25%	8/8/07	2/1/38	50,000	(4,999)
3.3920%	LIBOR @ 63%+.24%	11/7/07	8/1/32	25,000	(437)
4.0400%	LIBOR @ 63%+.24%	11/7/07	2/1/38	25,000	(1,635)
4.8000%	LIBOR @ 65%	4/6/00	2/1/23	13,720	(2,001)
5.1600%	LIBOR @ 65%	5/25/00	8/1/22	20,085	(971)
4.1430%	LIBOR @ 65%	5/31/01	8/1/24	15,805	(2,042)
3.9940%	LIBOR @ 65%	6/6/02	2/1/24	7,005	(4)
3.8630%	LIBOR @ 65%	8/8/02	8/1/32	7,760	(2,411)
4.9500%	LIBOR @ 65%	11/18/08	8/1/23	5,945	(287)
4.9000%	LIBOR @ 65%	5/25/00	8/1/30	1,680	(507)
4.1430%	LIBOR @ 65%	5/31/01	8/1/24	2,595	(386)
3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,355	(173)
4.1300%	SIFMA less .15%	12/6/01	8/1/32	3,865	(358)
4.8500%	LIBOR @ 65%	11/18/08	2/1/17	4,210	(465)
4.8000%	LIBOR @ 65%	4/6/00	2/1/23	44,915	(6,156)
4.8500%	LIBOR @ 65%	11/18/08	2/1/17	37,675	(4,160)
4.5275%	LIBOR @ 65%	10/5/00	8/1/15	27,670	(2,677)
4.6600%	LIBOR @ 65%	11/18/08	2/1/16	17,780	(1,568)
4.9500%	LIBOR @ 65%	11/18/08	8/1/23	19,055	(922)
3.8700%	LIBOR @ 65%	11/18/08	8/1/17	25,000	(2,111)
6.1950%	LIBOR	8/1/02	8/1/14	17,000	(2,014)
7.1100%	LIBOR	11/18/08	8/1/22	44,865	(9,235)

Bonds and Debenture Notes							
<u>Bond Issue</u>	<u>Type of Bond</u>	<u>Interest Rate Range</u>		<u>Final Maturity Date</u>	<u>Outstanding Fixed</u>	<u>Outstanding Variable</u>	<u>Total</u>
Housing Program Bonds:							
2004 Series A	Tax-Exempt			4.750%	2036		31,500
2006 Series A	Tax-Exempt	4.750%	-	4.950%	2036	47,090	47,090
2006 Series B -SF	Taxable			4.970%	2036	11,110	11,110
2006 Series B - MF	Taxable			4.970%	2036	49,225	49,225
Housing Mortgage Bonds:							
2009 Series A	Tax-Exempt	6.250%	-	12.000%	2038	50,000	50,000
Multifamily Loan Purchase Bonds:							
2000 Series A	Taxable			Variable	2017	58,709	58,709
Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project):							
2009 A	Tax-Exempt			0.230%	2041	4,620	4,620
Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments Project):							
2009 B	Tax-Exempt			0.230%	2043	6,325	6,325
Multifamily Housing Revenue Bonds II:							
1995 Series A	Tax-Exempt			6.250%	2037	2,765	2,765
1995 Series C	Taxable	8.000%	-	8.100%	2037	19,755	19,755
1996 Series A	Tax-Exempt			6.050%	2027	16,920	16,920
1996 Series B	Tax-Exempt	5.850%	-	6.150%	2022	20,165	20,165
Multifamily Housing Revenue Bonds III:							
1997 Series A	Tax-Exempt	5.850%	-	6.050%	2038	60,040	60,040
1998 Series A	Tax-Exempt	4.850%	-	5.500%	2038	29,150	29,150
1998 Series B	Tax-Exempt	4.850%	-	5.500%	2039	72,240	72,240
1998 Series C	Tax-Exempt	4.600%	-	5.300%	2028	10,475	10,475
1999 Series A	Tax-Exempt	4.500%	-	5.375%	2036	32,650	32,650
2000 Series A	Tax-Exempt			1.282%	2035	33,335	33,335
2000 Series A	Tax-Exempt			1.282%	2026	46,105	46,105
2000 Series B	Tax-Exempt			1.079%	2031	6,540	6,540
2000 Series C	Tax-Exempt			1.282%	2033	50,400	50,400
2000 Series D	Tax-Exempt			3.250%	2031	14,895	14,895
2001 Series C	Taxable			4.000%	2041	12,960	12,960
2001 Series D	Tax-Exempt			0.264%	2022	2,590	2,590
2001 Series D	Tax-Exempt			0.264%	2022	1,455	1,455
2001 Series E	Tax-Exempt			0.510%	2036	48,900	48,900
2001 Series F	Tax-Exempt			0.594%	2032	15,415	15,415
2001 Series G	Tax-Exempt			0.733%	2036	43,660	43,660
2001 Series G	Tax-Exempt			0.747%	2036	9,660	9,660
2001 Series H	Taxable			2.028%	2036	14,715	14,715
2002 Series A	Tax-Exempt			0.510%	2037	12,760	12,760
2002 Series A	Tax-Exempt			0.510%	2037	11,950	11,950
2002 Series B	Tax-Exempt			0.562%	2035	25,480	25,480
2002 Series C	Tax-Exempt			0.708%	2037	13,855	13,855
2002 Series C	Tax-Exempt			0.708%	2037	16,345	16,345
2002 Series D	Tax-Exempt			0.264%	2035	11,755	11,755

SWAPS

Fixed Rate Paid By <u>Agency</u>	Floating Rate Received By <u>Agency</u>	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
3.1450%	LIBOR @ 60%+.26%	11/4/04	11/1/19	35,000	(1,648)
5.4550%	SIFMA less .15%	7/12/00	2/1/35	33,335	(9,346)
4.6600%	LIBOR @ 65%	7/12/00	2/1/26	46,105	(8,115)
4.5850%	LIBOR @ 64%	7/12/00	2/1/31	6,540	(982)
4.3950%	LIBOR @ 64%	11/16/00	2/1/31	14,895	(2,624)
4.4520%	SIFMA less .20%	6/28/01	8/1/22	2,590	(281)
4.7120%	SIFMA less .15%	6/28/01	2/1/36	48,900	(7,255)
4.0290%	SIFMA less .20%	2/1/02	2/1/32	15,415	(994)
4.2050%	SIFMA less .15%	2/1/02	8/1/36	43,840	(4,211)
4.5950%	SIFMA less .15%	2/1/04	2/1/34	10,085	(1,318)
4.5000%	SIFMA less .15%	8/1/02	8/1/32	17,425	(2,125)
4.8900%	SIFMA less .15%	2/2/04	2/1/37	11,950	(2,055)
4.0370%	SIFMA less .20%	2/1/03	2/1/35	25,480	(2,104)
4.4050%	SIFMA less .15%	2/1/04	2/1/37	13,855	(1,677)
4.6380%	SIFMA less .15%	8/1/05	8/1/37	16,345	(2,383)
4.0850%	SIFMA less .20%	2/3/03	2/1/35	11,755	(1,048)

Bonds and Debenture Notes

<u>Bond Issue</u>	<u>Type of Bond</u>	<u>Interest Rate Range</u>	<u>Final Maturity Date</u>	<u>Outstanding Fixed</u>	<u>Outstanding Variable</u>	<u>Total</u>
2002 Series E	Tax-Exempt	0.510%	2037		15,305	15,305
2002 Series E	Tax-Exempt	0.510%	2037		40,115	40,115
2003 Series C	Tax-Exempt	1.060%	2038		14,685	14,685
2003 Series C	Tax-Exempt	1.060%	2038		15,695	15,695
2003 Series C	Tax-Exempt	1.060%	2038		17,655	17,655
2003 Series C	Tax-Exempt	1.060%	2038		1,205	1,205
2004 Series A	Tax-Exempt	3.278%	2034		20,770	20,770
2004 Series B	Tax-Exempt	5.681%	2039		12,465	12,465
2004 Series B	Tax-Exempt	5.681%	2039		6,605	6,605
2004 Series B	Tax-Exempt	5.681%	2039		5,505	5,505
2004 Series B	Tax-Exempt	5.681%	2039		15,815	15,815
2004 Series B	Tax-Exempt	5.681%	2039		2,615	2,615
2004 Series B	Tax-Exempt	5.681%	2039		6,215	6,215
2004 Series C	Tax-Exempt	1.015%	2037		8,610	8,610
2004 Series C	Tax-Exempt	1.015%	2037		4,050	4,050
2004 Series D	Tax-Exempt	1.015%	2039		58,765	58,765
2005 Series A	Tax-Exempt	6.054%	2035		2,340	2,340
2005 Series B	Tax-Exempt	7.060%	2038		2,670	2,670
2005 Series B	Tax-Exempt	7.060%	2038		25,565	25,565
2005 Series B	Tax-Exempt	7.060%	2038		3,985	3,985
2005 Series B	Tax-Exempt	7.060%	2038		5,710	5,710
2005 Series C	Tax-Exempt	4.750% - 4.900%	2036	8,710		8,710
2005 Series D	Tax-Exempt	4.250%	2038		31,850	31,850
2005 Series D	Tax-Exempt	4.250%	2038		1,730	1,730
2005 Series E	Tax-Exempt	3.700% - 4.950%	2038	22,270		22,270
2006 Series A	Tax-Exempt	5.847%	2041		7,855	7,855
2006 Series A	Tax-Exempt	5.847%	2041		9,430	9,430
2006 Series A	Tax-Exempt	5.847%	2041		4,285	4,285
2006 Series A	Tax-Exempt	5.848%	2040		10,010	10,010
2007 Series A	Tax-Exempt	3.750% - 4.750%	2034	6,035		6,035
2007 Series B	Tax-Exempt	1.282%	2040		3,755	3,755
2007 Series B	Tax-Exempt	1.282%	2040		6,220	6,220
2007 Series B	Tax-Exempt	1.282%	2040		6,130	6,130
2007 Series C	Tax-Exempt	1.282%	2042		11,050	11,050
2007 Series C	Tax-Exempt	1.282%	2040		14,125	14,125
2007 Series C	Tax-Exempt	1.282%	2034		2,475	2,475
2008 Series A	Tax-Exempt	0.228%	2040		11,180	11,180
2008 Series A	Tax-Exempt	0.228%	2040		90	90
2008 Series B	Tax-Exempt	2.063%	2010		505	505
2008 Series B	Tax-Exempt	2.063%	2036		25,805	25,805
2008 Series B	Tax-Exempt	2.063%	2038		28,560	28,560
2008 Series B	Tax-Exempt	2.063%	2042		9,285	9,285
2008 Series B	Tax-Exempt	2.063%	2043		23,655	23,655
2008 Series C	Tax-Exempt	1.564%	2038		8,865	8,865
2008 Series C	Tax-Exempt	1.564%	2036		14,685	14,685
2008 Series C	Tax-Exempt	1.564%	2038		9,220	9,220
				3,155,234	5,053,725	8,208,959
Unamortized discount						(787)
Unamortized premium						17,526
Unamortized deferred losses on refundings						(5,211)
Total Bonds						8,220,487
Housing Assistance Trust:						
Ridgeway Apartments (debenture note)		6.375%	2010	23,134		23,134
Total Bonds and Debenture Notes				3,178,368	5,053,725	8,243,621

SWAPS

Fixed Rate Paid By <u>Agency</u>	Floating Rate Received By <u>Agency</u>	Effective <u>Date</u>	Termination <u>Date</u>	Outstanding Notional/Applicable <u>Amount</u>	Fair <u>Value</u>
4.1510%	SIFMA less .15%	2/3/03	2/1/34	15,305	(1,399)
4.5710%	SIFMA less .15%	11/1/04	8/1/37	40,115	(5,811)
3.5560%	LIBOR @ 60%+.26%	2/1/04	8/1/35	14,685	(617)
4.0260%	LIBOR @ 60%+.26%	8/1/05	8/1/35	15,695	(1,027)
4.1770%	LIBOR @ 60%+.26%	2/1/06	8/1/38	17,655	(1,289)
3.0590%	LIBOR @ 60%+.21%	8/1/04	8/1/34	21,210	(1,001)
3.6920%	LIBOR @ 60%+.26%	8/1/06	8/1/36	12,480	(1,061)
3.3860%	LIBOR @ 60%+.26%	8/1/04	8/1/34	6,640	(148)
3.3300%	LIBOR @ 60%+.26%	8/1/04	8/1/34	5,290	(237)
4.9783%	SIFMA less .15%	8/1/06	2/1/39	15,450	(2,008)
4.5390%	SIFMA less .15%	8/1/04	8/1/34	2,660	(238)
3.4350%	LIBOR @ 60%+.21%	2/1/05	8/1/25	8,610	(643)
3.5640%	SIFMA less .20%	7/1/05	8/1/35	2,340	(71)
3.9540%	SIFMA less .15%	6/15/05	8/1/35	2,675	(117)
4.0790%	SIFMA less .15%	2/1/07	2/1/37	25,555	(1,667)
3.9570%	SIFMA less .15%	8/1/07	2/1/38	3,990	(164)
3.7010%	LIBOR @ 60%+.26%	2/1/06	2/1/38	31,850	(3,390)
4.042% + HR	97% SIFMA & HR	6/15/06	8/1/27	7,855	(580)
4.381% + HR	97% SIFMA & HR	6/15/06	8/1/39	9,430	(716)
4.492% + HR	97% SIFMA & HR	6/15/06	2/1/41	4,285	(344)
3.9370%	LIBOR @ 64%+.25%	7/12/07	2/1/22	3,755	(251)
4.2220%	LIBOR @ 64%+.25%	8/1/09	2/1/40	6,220	(828)
3.7280%	LIBOR @ 63%+.30%	2/1/08	8/1/42	11,050	(665)
3.9190%	LIBOR @ 63%+.30%	11/1/09	8/1/40	14,125	(1,353)
3.2950%	LIBOR @ 61%+.24%	11/1/09	8/1/40	11,180	742
2.3250%	SIFMA less .5%	8/1/08	8/1/10	16,130	(288)
3.3850%	SIFMA less .15%	8/1/03	8/1/36	25,805	(576)
4.2950%	SIFMA less .15%	11/18/08	2/1/38	28,560	(1,659)
3.8830%	LIBOR @ 60%+.26%	12/1/04	8/1/38	8,865	(1,270)
3.9680%	LIBOR @ 60%+.26%	7/1/05	2/1/36	14,685	(2,075)
4.0600%	LIBOR @ 60%+.26%	2/1/06	8/1/38	9,220	(1,508)

4,230,260 (276,843)

Changes in bonds and debenture notes payable for the year ended June 30, 2009 and 2008 are as follows (dollars in thousands):

	2009	2008
	Combined	Combined
	<u>Totals</u>	<u>Totals</u>
Beginning of year balance	\$8,617,579	\$7,579,228
New bonds issued	310,945	1,857,665
Scheduled maturities	(122,818)	(93,870)
Redemptions	(564,753)	(734,042)
Bond accretions	3,335	3,480
Amortized discount	61	152
Amortized premium	(1,238)	(1,035)
Amortized deferred loss	716	618
Additions to deferred loss	(179)	(1,879)
Reclassified premium as deferred loss	(27)	
Additions to premiums		7,262
End of year balance	<u>\$8,243,621</u>	<u>\$ 8,617,579</u>
Current portion	\$ 136,370	\$ 111,738
Noncurrent portion	<u>8,107,251</u>	<u>8,505,841</u>
Total	<u>\$ 8,243,621</u>	<u>\$ 8,617,579</u>

The Agency's variable rate debt is typically related to common indices such as the Securities Industry and Financial Markets Association ("SIFMA", formerly the Bond Market Association ("BMA")) or the London Inter-Bank Offered Rate ("LIBOR") and resets periodically. The interest calculations shown in the table below are based on the variable rate in effect at June 30, 2009, and may not be indicative of the actual interest expense that will be incurred by the Fund. As rates vary, variable rate bond interest payments and net swap payments will vary. The table below provides a summary of debt service requirements and net swap payments for the next five years and in five year increments thereafter (dollars in thousands):

Fiscal Year	Fixed/Variable		Variable		Interest Rate	
	Unswapped		Swapped			
Ending June 30	Principal	Interest	Principal	Interest	Swaps, Net	Total
2010	\$ 102,499	\$165,783	\$ 33,880	\$ 63,187	\$ 154,389	\$ 519,738
2011	120,808	162,538	52,024	57,820	147,376	540,567
2012	125,856	158,047	72,415	57,148	138,122	551,587
2013	120,920	153,689	83,012	56,242	128,445	542,308
2014	115,301	149,313	91,244	55,189	119,518	530,565
2015-2019	667,165	666,397	561,767	256,869	478,853	2,631,051
2020-2024	666,921	515,492	686,362	218,218	323,014	2,410,007
2025-2029	662,421	358,988	913,972	172,369	213,734	2,321,483
2030-2034	573,559	233,258	1,101,338	98,183	107,919	2,114,258
2035-2039	629,185	108,272	510,065	28,665	23,984	1,300,171
2040-2044	226,864	15,106	87,581	3,580	991	334,122
2045-2049	3,800	442				4,242
Total	\$ 4,015,299	\$ 2,687,325	\$ 4,193,660	\$ 1,067,470	\$ 1,836,345	\$ 13,800,099

Objective of the Interest Rate Swaps: In order to protect against rising rates, the Agency primarily entered into swaps to establish synthetic fixed rates for a like amount of the Agency's variable rate bond obligations. The majority of the Agency's interest rate swap transactions are structured for the Agency to pay a fixed interest rate while receiving a variable interest rate (fixed payer swaps), the exceptions are listed below under Basis Risk Associated with Interest Rate Swaps. Synthetic fixed rates provide the Agency with a significantly lower fixed cost of funds compared to issuing fixed-rate bonds.

Terms, Fair Value and Credit Risk of Interest Rate Swaps: The terms of the outstanding fixed payer swaps as of June 30, 2009 are summarized in the table above. The terms of the outstanding basis swaps are summarized in the table under Basis Risk Associated with Interest Rate Swaps.

All notional amounts (or “applicable amounts”) of the fixed payer swaps match the principal amounts of the associated debt with the following exceptions (dollars in thousands):

<u>Bond Issue</u>	<u>Bonds Outstanding</u>	<u>Swap Notional Amount</u>	<u>Unmatched Swap</u>	<u>Fair Value</u>
Home Mortgage				
Revenue Bonds				
2000 Series C *	\$ -	\$ 41,885	\$ 41,885	\$ 43
2000 Series J *	25,130	26,245	1,115	(2)
2000 Series K	8,925	47,455	38,530	(1,599)
2000 Series N	29,075	29,915	840	(41)
2000 Series U *	-	27,665	27,665	41
2000 Series X1	-	3,420	3,420	(196)
2000 Series X2 *	29,740	30,100	360	(54)
2001 Series C	-	5,665	5,665	(726)
2001 Series N *	-	12,485	12,485	(933)
2001 Series R	-	2,295	2,295	(894)
2002 Series F *	48,045	55,050	7,005	(4)
2002 Series P	-	55,525	55,525	(3,083)
2005 Series B	9,260	15,935	6,675	(576)
2006 Series F	50,000	60,000	10,000	(511)
Housing Program				
Bonds:				
2004 Series A	31,500	35,000	3,500	(165)
Multifamily Housing				
Revenue Bonds III:				
2001 Series G	43,660	43,840	180	(16)
2002 Series A	12,760	17,425	4,665	(569)
2004 Series A	20,770	21,210	440	(21)
2004 Series B	6,605	6,640	35	(1)
2004 Series B	12,465	12,480	15	(1)
2004 Series B	2,615	2,660	45	(4)
2005 Series B	2,670	2,675	5	-
2005 Series B	3,985	3,990	5	-
2008 Series B	505	16,130	15,625	(279)
Total	<u>337,710</u>	<u>575,690</u>	<u>237,980</u>	<u>(9,591)</u>

*Includes Basis Swap.

As of June 30, 2009 the fair value of the unmatched swaps is reported in the combined balance sheets as “Deposits and other liabilities” or “Accounts receivable” and as a gain or loss on the fair value of the swaps as “Other Revenues” or “Other Expenses” in the combined statements of revenues, expenses and changes in Fund equity. The Agency did not pay or receive any cash when the swap transactions were initiated.

The Agency utilizes twelve highly-creditworthy counterparties for its interest rate swap transactions. Seventy-five percent of the notional amount outstanding at June 30, 2009 is with four of the counterparties. The largest single exposure to any one counterparty is \$1,190,980,000. The Agency negotiated “asymmetrical” credit requirements for all interest rate swap transactions. These asymmetrical provisions impose higher credit standards on the counterparties than on the Agency. Counterparties are required to collateralize their exposure to the Agency when their credit ratings fall from double-A to the highest single-A category (A1/A+), whereas the Agency is not required to provide collateralization until its ratings fall to the mid-single-A category (A2/A).

Because interest rates are generally lower than the rates in effect at inception of the swap agreements, the Agency's fixed payer swap agreements had an aggregate negative fair value of \$276,843,000 as of June 30, 2009. Fair values are as reported by the Agency's dealer counterparties and are estimated using the zero-coupon method.

As of June 30, 2009, the Agency's swap portfolio has an aggregate negative fair value and the Agency is not exposed to credit risk. Should the negative fair value of the swap portfolio be reduced as a result of market fluctuations and the aggregate fair value eventually become positive, the Agency would become exposed to the counterparties' credit, since the counterparties would be obligated to make payments to the Agency in the event of termination.

The table below shows the number of fixed payer swaps and outstanding notional amounts by the counterparties' respective credit ratings (dollars in thousands).

<u>Moody's</u>	<u>Standard & Poors</u>	<u>Outstanding Notional Amount</u>	<u>Number of Swap Transactions</u>
Aaa	AAA	\$ 599,975	38
Aaa	AA	25,000	1
Aa1	AAA	373,800	10
Aa1	AA	82,510	2
Aa1	AA-	961,705	27
Aa1	A+	271,920	12
Aa2	A+	41,340	2
Aa3	A+	176,965	5
A1	A	27,310	2
A2	A	727,690	28
A3	A	652,440	23
A3	A-	287,055	9
		<u>\$ 4,227,710</u>	<u>159</u>

Basis Risk Associated with Interest Rate Swaps: All of the Agency's interest rate swaps contain an element of basis risk, the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because floating rates paid by swap counterparties are based on indices, which consist of market-wide averages, while interest paid on the Agency's variable rate bonds is specific to individual bond issues.

Historically, the Agency's variable rate tax-exempt bonds trade at a slight discount to the SIFMA index. For those swaps associated with tax-exempt bonds for which the Agency receives a variable rate payment based on a percentage of LIBOR, the Agency is exposed to basis risk should the relationship between SIFMA and LIBOR converge.

Based on the historic relationship between short-term tax-exempt and taxable rates, the Agency initially chose to enter into many swaps at a ratio of 65% of LIBOR. However, with short-term rates at historic lows, the historic relationship between tax-exempt and taxable rates has not been maintained. Therefore, after considerable study of California tax-exempt variable rate history, the Agency settled on a new formula (60% of LIBOR plus a spread, currently .26%) that results in comparable fixed-rate economics but performs better when short-term rates are low and the SIFMA/LIBOR percentage is high. As of June 30, 2009, the SIFMA rate was .35%, 65% of one-month LIBOR was .20% and 60% of one-month LIBOR plus 26 basis points was .445%. Since December of 2002 the Agency has used this new formula, and the Agency expects to continue to use this formula for LIBOR based swaps exclusively. In addition, the Agency entered into eight basis swaps as a means to change the variable rate formula received for \$277,330,000 outstanding notional amount. These basis swaps changed the variable rate formula received from counterparties from 65% of LIBOR to those described in the table on the following page (dollars in thousands):

<u>Bond Issue</u>	<u>Variable Rate Paid By Agency</u>	<u>Floating Rate Received By Agency */**</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Outstanding Notional/Applicable Amount</u>	<u>Fair Value</u>
Home Mortgage Revenue Bonds:						
2000 Series C	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/17	\$ 41,885	\$ 43
2000 Series J	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/30	26,245	(50)
2000 Series U	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/15	27,665	41
2000 Series X-2	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/31	30,100	(39)
2001 Series N	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/18	13,840	10
2002 Series B	LIBOR @ 65%	LIBOR @ 85%-0.019%	8/1/04	8/1/27	40,945	(84)
2002 Series F	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/24	55,050	(31)
2002 Series M	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/22	41,600	(23)
					<u>\$ 277,330</u>	<u>\$ (133)</u>

* The notional amount and the amortization of these swaps mirror the initial 65% of LIBOR swaps, basically overlaying the swaps so that the effective rate received from the counterparties are the rates shown in the table above.

**The variable interest rate received by the counterparties is dependent on the LIBOR interest rate at the time of settlement. The rate shown in the table is the effective rate at 6/30/09.

Termination Risk associated with Interest Rate Swaps: Counterparties to the Agency's interest rate swap agreements have ordinary termination rights that require settlement payments by the Agency or the counterparty based on the fair value of the swap at the date of termination.

Rollover Risk Associated with Interest Rate Swaps: The Agency's interest rate swap agreements have limited rollover risk as the swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled and anticipated reductions in the associated bonds payable.

Debenture Note Payable: In October 2004, a Development known as "Ridgeway Apartments," situated in Marin City, California, defaulted on its loan, which was insured by FHA under the Risk Sharing Act, with 50% of the risk covered by FHA. In May 2005, the Agency submitted a claim under the Risk Sharing Act, which FHA paid on May 13, 2005, in the amount of \$23,133,890, representing the unpaid principal balance of this loan in the amount of \$22,117,043 plus unpaid interest of \$1,016,847. On June 8, 2005, the amount representing the unpaid principal balance of the loan was used to redeem the respective multifamily housing revenue bonds issued to fund the loan, and the loan has been transferred to the Agency's Housing Assistance Trust.

In place of the bonds the Agency's obligation is to HUD in the form of a "debenture note payable", due May 13, 2010 with annual interest payments at a rate of 6.75%. The debenture note payable may be paid earlier upon the loan default being resolved (which may include the loan default being cured).

Bank Bonds: Under standby bond purchase agreements for the Agency's variable rate demand obligations "VRDO", if the Agency's variable rate bonds cannot be remarketed, the banks under the agreement are required to buy the bonds from the bondholders. These bonds may be remarketed or may be subject to mandatory redemptions at a later date. As of June 30, 2009, the Agency had a total of \$325,970,000 in outstanding bank bonds.

Note 8 – NONMORTGAGE INVESTMENT AND MORTGAGE YIELD

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount actually earned on all nonmortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of June 30, 2009 and 2008, the Fund had liabilities to the IRS totaling \$7,590,000 and \$9,537,000 respectively reported in the combined balance sheets as "Due to other Government entities." The net effect of changes in the liability account has been recorded as an increase in "Interest income from investments" in the combined statements of revenues, expenses and changes in Fund equity.

Additionally, the Agency has identified all the bond series that were issued as variable rate plans of finance and subject to review and monitoring of mortgage yield excess. Most of the excess yield occurred between 2000 and 2005 when bond variable rates were at historic lows compared to mortgage rates. As a result of our analyses, the Agency has included additional bond series in our mortgage yield excess liability. As of June 30, 2009 and 2008, the Fund had liabilities to the IRS totaling \$11,840,000 and \$25,379,000 respectively reported in the combined balance sheets as "Due to other Government entities." The net effect of this change is recorded as an increase in "Interest

income from program loans and loan agreements” in the combined statements of revenues, expenses and changes in Fund equity. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

Note 9 – EXTINGUISHMENT OF DEBT

On August 28, 2008, the Agency issued Home Mortgage Revenue Bonds 2008 Series M and in September 2008 portions of the proceeds were used to refund Home Mortgage Revenue Bonds 2001 Series R. On May 6, 2009, the Agency issued Housing Mortgage Bonds 2009 Series A and in June 2009 portions of the proceeds were used to refund Home Mortgage Revenue Bonds 2005 Series B and 2006 Series F. The losses from the debt refundings were deferred and will be amortized as a component of interest expense over the shorter of the term of the bonds extinguished or the term of the refunding bonds.

A summary of the loss from the extinguishment of Homeownership Programs’ debt for the year ended June 30, 2009 is as follows (dollars in thousands):

Unmatured principal	\$38,390
Unamortized bond issuance costs	(61)
Unamortized underwriter’s fees	(145)
Unamortized premiums	27
Net obligation defeased	38,211
Less proceeds disbursed	38,390
Deferred loss on defeasance	<u>\$ (179)</u>

The refundings will increase the debt service cash outflow for Homeownership Programs by approximately \$27,675,000. The refundings may also produce an economic loss (present value of the difference between new and old debt service requirements) for Homeownership Programs, which is estimated to be approximately \$8,919,000. The purpose of the refundings was not necessarily to achieve debt service savings but rather to eliminate the risk associated with the structure of the refunded bonds.

For the year ended June 30, 2008, the Agency incurred a \$1,879,000 loss on the extinguishment of debt.

Note 10 – PENSION PLAN AND OTHER EMPLOYEE BENEFITS

The Fund contributes to the Public Employees’ Retirement Fund (“PERF”) as part of the State of California, the primary government. The PERF is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employment Retirement System (“CalPERS”). CalPERS provides retirement, death, disability and post retirement health care benefits to members as established by state statute. CalPERS issues a publicly available Comprehensive Annual Financial Report (“CAFR”) that includes financial statements and required supplementary information for the Public Employees’ Retirement Fund. A copy of that report may be obtained from CalPERS, Central Supply, P.O. Box 942715, Sacramento, CA 95229-2715 or via the internet at www.calpers.ca.gov.

For the CalPERS fiscal years ended June 30, 2009 and 2008 the employer contribution rates were 16.574% - 16.633% and 16.565% - 16.778%, respectively.

The Fund’s contributions to the PERF for the years ended June 30, 2009 and 2008 were \$2,551,982 and \$2,473,612, respectively, equal to the required contributions for each fiscal year.

Required contributions are determined by actuarial valuation using the individual entry age normal actuarial cost method. The most recent actuarial valuation available is as of June 30, 2007 which actuarial assumptions included (a) 7.75% investment rate of return compounded annually, (b) projected salary increases that vary based on duration of service, and (c) overall payroll growth factor of 3.25% annually. Both (a) and (c) included an inflation component of 3% compounded annually and a .25% per annum productivity increase assumption.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the under funded liability applicable to each agency or department cannot be determined. For trend information, which presents CalPERS progress in accumulating sufficient assets to pay benefits when due, please see the June 30, 2009 CalPERS CAFR.

GASB Statement 45 requires states and local governments to publicly disclose the future dollar amount of their obligations to pay for Other Postemployment Benefits “OPEB”, like healthcare, that are provided to retired employees, including retired public employees. The OPEB is a cost-sharing multiple-employer defined benefit healthcare plan administered by CalPERS. The State of California is required to

include the information in its financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution of the employers "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency's estimated unfunded OPEB cost was \$4,594,000 and this liability was added to Personal Services for the year ended June 30, 2009. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

Note 11 – COMMITMENTS

As of June 30, 2009, the Agency had outstanding commitments and conditionally approved loan reservation to fund Homeownership Program loans totaling \$7,188,143 and had outstanding commitments to fund Multifamily Program loans totaling \$38,365,000. As of June 30, 2009, the Agency had proceeds available from bonds issued to fund \$59,860,934 of Homeownership Program loans and \$40,057,204 of Multifamily Program loans.

Note 12 – ARRANGEMENTS WITH THE MORTGAGE INSURANCE FUND

All operating and administrative expenses of the Agency are initially paid from the Fund including certain operating and administrative expenses in support of mortgage guarantee insurance programs which are reported in the Mortgage Insurance Fund. Quarterly the Fund charges the Mortgage Insurance Fund for these expenses.

The Agency Board of Directors approved Resolution 03-19 on March 20, 2003 authorizing the Agency to utilize the resources of the fund to support the mortgage guaranty insurance programs of the Agency in the following two ways: 1) the Executive Director of the Agency is authorized to create one or more supplementary reserve accounts within the Supplementary Bond Security Account of the Fund to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims against the Mortgage Insurance Fund in connection with loans financed by the Agency, and 2) the Executive Director of the Agency may establish an inter-fund credit agreement by which the Mortgage Insurance Fund may borrow such sums from the Fund as may be required to maintain the claims paying rating of any credit rating service.

Subsequently, the Agency Executive Director established an inter-fund credit agreement in the amount of \$10,000,000 in which the Mortgage Insurance Fund may borrow from the Fund as needed for the purpose of paying claims arising out of policies of mortgage guarantee insurance and costs and expenses related to the payment of such claims. Interest rate(s) and repayment terms are determined upon receipt of a request to draw on this credit facility. The Mortgage Insurance Fund had not requested a draw on this credit through June 30, 2009.

Note 13 – LITIGATION

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against the Agency. Based upon information available to the Agency, its review of such lawsuits and claims and consultation with counsel, the Agency believes the liability relating to these actions, if any, would not have a material adverse effect on the Fund's combined financial statements.

Note 14 – SUBSEQUENT EVENTS

On October 19, 2009, as part of President Obama's comprehensive plan to stabilize the U.S. housing market, the Administration released an initiative for state and local Housing Finance Agencies ("HFA") that will help support low mortgage rates and expand resources for low and middle income borrowers to purchase and rent homes that are affordable over the long term. The plan is designed to help state HFA's expand their affordable lending efforts and strengthen their financial standing by overcoming obstacles created by the financial crisis. The plan has two key components: 1) New Issue Bond Program ("NIBP"), through housing Government-Sponsored Enterprises Fannie Mae and Freddie Mac, will provide temporary financing for HFA's to issue new housing bonds to fund new mortgages; 2) Temporary Credit and Liquidity Program ("TCLP") for outstanding HFA variable rate debt to provide replacement credit and liquidity facilities that will reduce the costs of maintaining existing financing for the HFA's. On October 27, 2009, the Agency requested \$1,737,180,000 of participation in the NIBP, \$1,123,760,000 and \$613,420,000 for Single Family and Multifamily issues, respectively, and \$3,862,410,000 of participation in the TCLP, \$2,919,495,000 and \$942,915,000 for Single Family and Multifamily, respectively.

* * * * *

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING BALANCE SHEET
WITH ADDITIONAL COMBINING INFORMATION
June 30, 2009

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,913	\$ 4,273	\$ 100,942	\$ 119,128
Investments	691,701	124,945	1,058,668	1,875,314
Current portion - program loans receivable	114,403	120,133	72,976	307,512
Interest receivable - Program loans	27,194	7,563	2,338	37,095
Interest receivable - Investments	6,414	1,037	4,340	11,791
Accounts receivable	13,212	-	6,836	20,048
Due from (to) other funds	(23,231)	(245)	23,476	-
Other assets	90	470	91	651
Total current assets	<u>843,696</u>	<u>258,176</u>	<u>1,269,667</u>	<u>2,371,539</u>
Noncurrent assets:				
Investments	171,210	16,699	53,739	241,648
Program loans receivable	6,295,530	1,171,279	546,246	8,013,055
Due from (to) other funds	-	-	-	-
Deferred financing costs	32,231	6,082	30	38,343
Other assets	95,551	-	924	96,475
Total Noncurrent assets	<u>6,594,522</u>	<u>1,194,060</u>	<u>600,939</u>	<u>8,389,521</u>
Total Assets	<u>\$ 7,438,218</u>	<u>\$ 1,452,236</u>	<u>\$ 1,870,606</u>	<u>\$ 10,761,060</u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Bonds payable	\$ 110,264	\$ 26,106	-	\$ 136,370
Interest payable	85,631	23,466	\$ 54,477	163,574
Due to (from) other government entities	(2,252)	-	257,471	255,219
Compensated absences	-	-	2,317	2,317
Deposits and other liabilities	5,474	955	292,470	298,899
Total current liabilities	<u>199,117</u>	<u>50,527</u>	<u>606,735</u>	<u>856,379</u>
Noncurrent liabilities:				
Bonds and debenture notes payable	6,774,121	1,309,994	23,135	8,107,250
Due to (from) other government entities	7,198	12,233	-	19,431
Deferred revenue	2,811	13	27,708	30,532
Total noncurrent liabilities	<u>6,784,130</u>	<u>1,322,240</u>	<u>50,843</u>	<u>8,157,213</u>
Total Liabilities	<u>6,983,247</u>	<u>1,372,767</u>	<u>657,578</u>	<u>9,013,592</u>
Fund equity				
Invested in capital assets	-	-	806	806
Restricted by indenture	454,971	79,469	-	534,440
Restricted by statute	-	-	1,212,222	1,212,222
Total Fund equity	<u>454,971</u>	<u>79,469</u>	<u>1,213,028</u>	<u>1,747,468</u>
Total Liabilities and Fund equity	<u>\$ 7,438,218</u>	<u>\$ 1,452,236</u>	<u>\$ 1,870,606</u>	<u>\$ 10,761,060</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY
WITH ADDITIONAL COMBINING INFORMATION
June 30, 2009

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	\$ 343,516	\$ 84,424	\$ 21,546	\$ 449,486
Interest income - Investments -- net	31,413	6,686	28,215	66,314
Increase (decrease) in fair value of investments	9,796	591	646	11,033
Loan commitment fees	200	4	2,003	2,207
Other loan fees	688	138	13,304	14,130
Other revenues	13	9,906	97,031	106,950
Total Operating revenues	<u>385,626</u>	<u>101,749</u>	<u>162,745</u>	<u>650,120</u>
OPERATING EXPENSES				
Interest	243,685	71,046	112,566	427,297
Amortization of bond discount and bond premium	(974)	513	-	(461)
Mortgage servicing fees	19,396	7	170	19,573
Provision (reversal) for estimated loan losses	34,701	3,667	18,853	57,221
Operating expenses	-	-	39,773	39,773
Other expenses	13,119	31,806	207,861	252,786
Total Operating expenses	<u>309,927</u>	<u>107,039</u>	<u>379,223</u>	<u>796,189</u>
Operating income (loss) before transfers	75,699	(5,290)	(216,478)	(146,069)
Transfers (interfund)	-	-	448,433	448,433
Transfers (intrafund)	(37,266)	(4,073)	41,339	-
Increase (decrease) in fund equity	<u>38,433</u>	<u>(9,363)</u>	<u>273,294</u>	<u>302,364</u>
Fund equity at beginning of year	416,538	88,832	939,734	1,445,104
Fund equity at end of year	<u>\$ 454,971</u>	<u>\$ 79,469</u>	<u>\$ 1,213,028</u>	<u>\$ 1,747,468</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS
WITH ADDITIONAL COMBINING INFORMATION

June 30, 2009

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 345,072	\$ 83,461	\$ 25,041	\$ 453,574
Payments to suppliers	(20,470)	(207)	(13,354)	(34,031)
Payments to employees	-	-	(26,523)	(26,523)
Internal activity - payments other funds	-	-	-	-
Other receipts (payments)	(333,890)	47,604	204,069	(82,217)
Net cash provided by (used in) operating activities	(9,288)	130,858	189,233	310,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(37,266)	(4,073)	41,339	-
Changes in due to (from) other government entities	(2,252)	-	(95,135)	(97,387)
Net cash provided by (used for) noncapital financing activities	(39,518)	(4,073)	(53,796)	(97,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	300,000	10,945	-	310,945
Payment of bond principal	(77,400)	(45,419)	-	(122,819)
Early bond redemptions	(375,688)	(189,065)	-	(564,753)
Interest paid on debt	(278,623)	(71,931)	(61,982)	(412,536)
Interfund transfers	-	-	448,433	448,433
Decrease (increase) in deferred financing costs	(1,941)	(11)	28	(1,924)
Net cash provided by (used for) capital and related financing activities	(433,652)	(295,481)	386,479	(342,654)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	2,012,349	429,061	1,393,209	3,834,619
Purchase of investments	(1,632,363)	(270,941)	(1,923,857)	(3,827,161)
Interest on investments	38,003	8,965	29,167	76,135
Net cash provided by (used for) investing activities	417,989	167,085	(501,481)	83,593
Net increase (decrease) in cash and cash equivalents	(64,469)	(1,611)	20,435	(45,645)
Cash and cash equivalents at beginning of year	78,382	5,884	80,507	164,773
Cash and cash equivalents at end of year	\$ 13,913	\$ 4,273	\$ 100,942	\$ 119,128
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	75,699	(5,290)	(216,478)	(146,069)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	243,685	71,046	112,566	427,297
Interest on investments	(31,413)	(6,687)	(28,214)	(66,314)
Changes in fair value of investments	(9,796)	(591)	(646)	(11,033)
Accretion of capital appreciation bonds	3,335	-	-	3,335
Amortization of bond discount	33	29	-	62
Amortization of deferred losses	24	485	-	509
Amortization of bond issuance costs	3,101	1,526	12	4,639
Amortization of bond premium	(1,237)	-	-	(1,237)
Amortization of deferred revenue	(200)	(4)	(2,003)	(2,207)
Depreciation	-	-	201	201
Provision (reversal for estimated loan losses	34,701	4,638	17,882	57,221
Provision for yield reduction payments	(13,559)	19	-	(13,540)
Provision for nonmortgage investment excess	(1,764)	(183)	-	(1,947)
Changes in certain assets and liabilities:				
Purchase of program loans	(460,697)	(92,522)	98,393	(454,826)
Collection of principal from program loans - net	229,702	161,453	64,392	455,547
Interest receivable	1,556	(963)	3,494	4,087
Accounts receivable	(4,771)	-	(4,588)	(9,359)
Due from (to) other funds	(74,651)	(1,577)	76,228	-
Other assets	30	28	(114)	(56)
Compensated absences	-	-	(158)	(158)
Deposits and other liab	1,289	(549)	64,394	65,134
Due to other governments	-	-	-	-
Deferred revenue	(4,355)	-	3,872	(483)
Net cash provided by (used for) operating activities	\$ (9,288)	\$ 130,858	\$ 189,233	\$ 310,803

**CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING BALANCE SHEET
HOMEOWNERSHIP PROGRAMS**

June 30, 2009

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY MORTGAGE BONDS II	DRAW DOWN BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	SINGLE FAMILY HOME MORTGAGE BONDS	TOTAL HOMEOWNERSHIP PROGRAMS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 13,125	\$ 460	\$ 21	\$ 270	\$ 37	\$ 13,913
Investments	671,593	10,303	89	7,788	1,928	691,701
Current portion - program loans receivable	111,360	2,163	-	-	880	114,403
Interest receivable - Program loans	26,498	265	-	175	256	27,194
Interest receivable - Investments	6,207	144	-	30	33	6,414
Accounts receivable	13,014	153	-	-	45	13,212
Due from (to) other funds	(23,485)	8	-	144	102	(23,231)
Other assets	90	-	-	-	-	90
Total current assets	<u>818,402</u>	<u>13,496</u>	<u>110</u>	<u>8,407</u>	<u>3,281</u>	<u>843,696</u>
Noncurrent assets:						
Investments	170,666	544	-	-	-	171,210
Program loans receivable	6,124,715	47,126	-	71,478	52,211	6,295,530
Due from (to) other funds	-	-	-	-	-	-
Deferred financing costs	31,358	134	-	632	107	32,231
Other assets	95,551	-	-	-	-	95,551
Total Noncurrent assets	<u>6,422,290</u>	<u>47,804</u>	<u>-</u>	<u>72,110</u>	<u>52,318</u>	<u>6,594,522</u>
Total Assets	<u>\$ 7,240,692</u>	<u>\$ 61,300</u>	<u>\$ 110</u>	<u>\$ 80,517</u>	<u>\$ 55,599</u>	<u>\$ 7,438,218</u>
LIABILITIES AND FUND EQUITY						
Current liabilities:						
Bonds payable	\$ 106,630	\$ 3,004	-	-	\$ 630	\$ 110,264
Interest payable	82,736	697	-	\$ 1,721	477	85,631
Due to (from) other government entities	(2,252)	-	-	-	-	(2,252)
Compensated absences	-	-	-	-	-	-
Deposits and other liabilities	5,272	18	-	169	15	5,474
Total current liabilities	<u>192,386</u>	<u>3,719</u>	<u>-</u>	<u>1,890</u>	<u>1,122</u>	<u>199,117</u>
Noncurrent liabilities:						
Bonds and debenture notes payable	6,607,622	27,528	-	89,700	49,271	6,774,121
Due to (from) other government entities	5,899	944	-	355	-	7,198
Deferred revenue	7,416	(4,634)	-	-	29	2,811
Total noncurrent liabilities	<u>6,620,937</u>	<u>23,838</u>	<u>-</u>	<u>90,055</u>	<u>49,300</u>	<u>6,784,130</u>
Total Liabilities	<u>6,813,323</u>	<u>27,557</u>	<u>-</u>	<u>91,945</u>	<u>50,422</u>	<u>6,983,247</u>
Fund equity						
Invested in capital assets	-	-	-	-	-	-
Restricted by indenture	427,369	33,743	110	(11,428)	5,177	454,971
Restricted by statute	-	-	-	-	-	-
Total Fund equity	<u>427,369</u>	<u>33,743</u>	<u>110</u>	<u>(11,428)</u>	<u>5,177</u>	<u>454,971</u>
Total Liabilities and Fund equity	<u>\$ 7,240,692</u>	<u>\$ 61,300</u>	<u>\$ 110</u>	<u>\$ 80,517</u>	<u>\$ 55,599</u>	<u>\$ 7,438,218</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY
HOMEOWNERSHIP PROGRAM
June 30, 2009

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY MORTGAGE BONDS II	DRAW DOWN BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	SINGLE FAMILY HOME MORTGAGE BONDS	TOTAL HOMEOWNERSHIP PROGRAMS
OPERATING REVENUES						
Interest income:						
Program loans and loan agreements -- net	\$ 339,256	\$ 3,318	-	\$ 376	\$ 566	\$ 343,516
Interest income - Investments -- net	30,332	373	\$ 3	672	33	31,413
Increase (decrease) in fair value of investments	9,778	18	-	-	-	9,796
Loan commitment fees	175	24	-	-	1	200
Other loan fees	659	-	-	-	29	688
Other revenues	13	-	-	-	-	13
Total Operating revenues	<u>380,213</u>	<u>3,733</u>	<u>3</u>	<u>1,048</u>	<u>629</u>	<u>385,626</u>
OPERATING EXPENSES						
Interest	236,937	1,754	-	4,517	477	243,685
Amortization of bond discount and bond premium	(981)	6	-	-	1	(974)
Mortgage servicing fees	19,166	193	-	-	37	19,396
Provision (reversal) for estimated loan losses	23,312	(9)	-	11,363	35	34,701
Operating expenses	-	-	-	-	-	-
Other expenses	13,873	(1,236)	-	480	2	13,119
Total Operating expenses	<u>292,307</u>	<u>708</u>	<u>-</u>	<u>16,360</u>	<u>552</u>	<u>309,927</u>
Operating income (loss) before transfers	87,906	3,025	3	(15,312)	77	75,699
Transfers (interfund)	-	-	-	-	-	-
Transfers (intrafund)	(49,146)	-	(440)	7,220	5,100	(37,266)
Increase (decrease) in fund equity	38,760	3,025	(437)	(8,092)	5,177	38,433
Fund equity at beginning of year	388,609	30,718	547	(3,336)	-	416,538
Fund equity at end of year	<u>\$ 427,369</u>	<u>\$ 33,743</u>	<u>\$ 110</u>	<u>\$ (11,428)</u>	<u>\$ 5,177</u>	<u>\$ 454,971</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS -
HOMEOWNERSHIP PROGRAMS

June 30, 2009

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY MORTGAGE BONDS II	DRAW DOWN BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	SINGLE FAMILY HOME MORTGAGE BONDS	TOTAL HOMEOWNERSHIP PROGRAMS
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 341,047	\$ 3,348	-	\$ 367	\$ 310	\$ 345,072
Payments to suppliers	(20,230)	(201)	-	(16)	(23)	(20,470)
Payments to employees	-	-	-	-	-	-
Internal activity - payments other funds	-	-	-	-	-	-
Other receipts (payments)	(260,740)	5,524	\$ (102)	(25,258)	(53,314)	(333,890)
Net cash provided by (used in) operating activities	<u>60,077</u>	<u>8,671</u>	<u>(102)</u>	<u>(24,907)</u>	<u>(53,027)</u>	<u>(9,288)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intrafund transfers	(49,146)	-	(440)	7,220	5,100	(37,266)
Changes in due to (from) other government entities	(2,252)	-	-	-	-	(2,252)
Net cash provided by (used for) noncapital financing activities	<u>(51,398)</u>	<u>-</u>	<u>(440)</u>	<u>7,220</u>	<u>5,100</u>	<u>(39,518)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sales of bonds	250,000	-	-	-	50,000	300,000
Payment of bond principal	(73,780)	(3,620)	-	-	-	(77,400)
Early bond redemptions	(355,468)	(1,720)	-	(18,500)	-	(375,688)
Interest paid on debt	(272,356)	(1,876)	-	(4,391)	-	(278,623)
Interfund transfers	-	-	-	-	-	-
Decrease (increase) in deferred financing costs	(1,833)	-	-	-	(108)	(1,941)
Net cash provided by (used for) capital and related financing activities	<u>(453,437)</u>	<u>(7,216)</u>	<u>-</u>	<u>(22,891)</u>	<u>49,892</u>	<u>(433,652)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from maturity and sale of investments	1,936,539	8,507	-	47,454	19,849	2,012,349
Purchase of investments	(1,591,994)	(10,863)	(3)	(7,726)	(21,777)	(1,632,363)
Interest on investments	36,633	359	4	1,007	-	38,003
Net cash provided by (used for) investing activities	<u>381,178</u>	<u>(1,997)</u>	<u>1</u>	<u>40,735</u>	<u>(1,928)</u>	<u>417,989</u>
Net increase (decrease) in cash and cash equivalents	(63,580)	(542)	(541)	157	37	(64,469)
Cash and cash equivalents at beginning of year	76,705	1,002	562	113	-	78,382
Cash and cash equivalents at end of year	<u>\$ 13,125</u>	<u>\$ 460</u>	<u>\$ 21</u>	<u>\$ 270</u>	<u>\$ 37</u>	<u>\$ 13,913</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
Operating income (loss)	87,906	3,026	3	(15,313)	77	75,699
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Interest expense on debt	236,937	1,754	-	4,517	477	243,685
Interest on investments	(30,333)	(373)	(3)	(672)	(32)	(31,413)
Changes in fair value of investments	(9,778)	(18)	-	-	-	(9,796)
Accretion of capital appreciation bonds	3,335	-	-	-	-	3,335
Amortization of bond discount	33	-	-	-	-	33
Amortization of deferred losses	117	6	-	-	(99)	24
Amortization of bond issuance costs	2,937	22	-	141	1	3,101
Amortization of bond premium	(1,237)	-	-	-	-	(1,237)
Amortization of deferred revenue	(174)	(25)	-	-	(1)	(200)
Depreciation	-	-	-	-	-	-
Provision (reversal) for estimated loan losses	23,312	(9)	-	11,363	35	34,701
Provision for yield reduction payments	(13,559)	-	-	-	-	(13,559)
Provision for nonmortgage investment excess	(1,642)	16	-	(138)	-	(1,764)
Changes in certain assets and liabilities:						
Purchase of program loans	(381,156)	-	-	(26,324)	(53,217)	(460,697)
Collection of principal from program loans - net	222,735	5,649	-	1,227	91	229,702
Interest receivable	1,789	31	-	(8)	(256)	1,556
Accounts receivable	(4,669)	(57)	-	-	(45)	(4,771)
Due from (to) other funds	(74,559)	(33)	(102)	146	(103)	(74,651)
Other assets	29	1	-	-	-	30
Compensated absences	-	-	-	-	-	-
Deposits and other liab	1,121	(1)	-	154	15	1,289
Due to other governments	-	-	-	-	-	-
Deferred revenue	(3,067)	(1,318)	-	-	30	(4,355)
Net cash provided by (used for) operating activities	<u>\$ 60,077</u>	<u>\$ 8,671</u>	<u>\$ (102)</u>	<u>\$ (24,907)</u>	<u>\$ (53,027)</u>	<u>\$ (9,288)</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING BALANCE SHEET
MULTIFAMILY RENTAL HOUSING PROGRAMS
June 30, 2009

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY DRAW DOWN BONDS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,609	\$ 51	\$ 2,156	-
Investments	-	8,070	110,652	-
Current portion - program loans receivable	24,000	1,049	90,768	-
Interest receivable - Program loans	-	369	5,864	-
Interest receivable - Investments	-	28	988	-
Accounts receivable	-	-	-	-
Due from (to) other funds	(1)	-	(244)	-
Other assets	-	60	409	-
Total current assets	<u>25,608</u>	<u>9,627</u>	<u>210,593</u>	<u>-</u>
Noncurrent assets:				
Investments	-	-	16,699	-
Program loans receivable	33,481	54,045	1,031,068	-
Due from (to) other funds	-	-	-	-
Deferred financing costs	-	84	5,751	-
Other assets	-	-	-	-
Total Noncurrent assets	<u>33,481</u>	<u>54,129</u>	<u>1,053,518</u>	<u>-</u>
Total Assets	<u>\$ 59,089</u>	<u>\$ 63,756</u>	<u>\$ 1,264,111</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Bonds payable	-	\$ 675	\$ 25,431	-
Interest payable	\$ 380	1,675	20,404	-
Due to (from) other government entities	-	-	-	-
Compensated absences	-	-	-	-
Deposits and other liabilities	2	3	950	-
Total current liabilities	<u>382</u>	<u>2,353</u>	<u>46,785</u>	<u>-</u>
Noncurrent liabilities:				
Bonds and debenture notes payable	58,710	58,510	1,132,604	-
Due to (from) other government entities	-	-	12,233	-
Deferred revenue	-	-	13	-
Total noncurrent liabilities	<u>58,710</u>	<u>58,510</u>	<u>1,144,850</u>	<u>-</u>
Total Liabilities	<u>59,092</u>	<u>60,863</u>	<u>1,191,635</u>	<u>-</u>
Fund equity				
Invested in capital assets	-	-	-	-
Restricted by indenture	(3)	2,893	72,476	-
Restricted by statute	-	-	-	-
Total Fund equity	<u>(3)</u>	<u>2,893</u>	<u>72,476</u>	<u>-</u>
Total Liabilities and Fund equity	<u>\$ 59,089</u>	<u>\$ 63,756</u>	<u>\$ 1,264,111</u>	<u>\$ -</u>

MULTIFAMILY HOUSING PROGRAM BONDS	MULTIFAMILY VRDLO 2009A	MULTIFAMILY VRDLO 2009B	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 93	-	\$ 364	\$ 4,273
6,223	-	-	124,945
4,314	\$ 1	1	120,133
1,330	-	-	7,563
21	-	-	1,037
-	-	-	-
-	-	-	(245)
1	-	-	470
<u>11,982</u>	<u>1</u>	<u>365</u>	<u>258,176</u>
-	-	-	16,699
42,104	4,620	5,961	1,171,279
-	-	-	-
247	-	-	6,082
-	-	-	-
<u>42,351</u>	<u>4,620</u>	<u>5,961</u>	<u>1,194,060</u>
<u>\$ 54,333</u>	<u>\$ 4,621</u>	<u>\$ 6,326</u>	<u>\$ 1,452,236</u>
\$ -	-	-	\$ 26,106
1,005	\$ 1	\$ 1	23,466
-	-	-	-
-	-	-	-
-	-	-	955
<u>1,005</u>	<u>1</u>	<u>1</u>	<u>50,527</u>
49,225	4,620	6,325	1,309,994
-	-	-	12,233
-	-	-	13
<u>49,225</u>	<u>4,620</u>	<u>6,325</u>	<u>1,322,240</u>
<u>50,230</u>	<u>4,621</u>	<u>6,326</u>	<u>1,372,767</u>
-	-	-	-
4,103	-	-	79,469
-	-	-	-
<u>4,103</u>	<u>-</u>	<u>-</u>	<u>79,469</u>
<u>\$ 54,333</u>	<u>\$ 4,621</u>	<u>\$ 6,326</u>	<u>\$ 1,452,236</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY
MULTIFAMILY PROGRAM
June 30, 2009

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY DRAW DOWN BONDS
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	\$ 5,055	\$ 4,387	\$ 71,224	-
Interest income - Investments -- net	3	302	6,156	-
Increase (decrease) in fair value of investments	-	-	591	-
Loan commitment fees	-	-	4	-
Other loan fees	-	-	138	-
Other revenues	-	-	9,906	-
Total Operating revenues	<u>5,058</u>	<u>4,689</u>	<u>88,019</u>	<u>-</u>
OPERATING EXPENSES				
Interest	5,040	4,034	60,194	-
Amortization of bond discount and bond premium	-	28	485	-
Mortgage servicing fees	-	-	7	-
Provision (reversal) for estimated loan losses	-	(16)	3,791	-
Operating expenses	-	-	-	-
Other expenses	18	83	31,695	-
Total Operating expenses	<u>5,058</u>	<u>4,129</u>	<u>96,172</u>	<u>-</u>
Operating income (loss) before transfers	-	560	(8,153)	-
Transfers (interfund)	-	-	-	-
Transfers (intrafund)	-	(4,000)	159	(3)
Increase (decrease) in fund equity	-	(3,440)	(7,994)	(3)
Fund equity at beginning of year	(3)	6,333	80,470	3
Fund equity at end of year	<u>\$ (3)</u>	<u>\$ 2,893</u>	<u>\$ 72,476</u>	<u>\$ -</u>

MULTIFAMILY HOUSING PROGRAM BONDS	MULTIFAMILY VRDLO 2009A	MULTIFAMILY VRDLO 2009B	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 3,751	\$ 3	\$ 4	\$ 84,424
225	-	-	6,686
-	-	-	591
-	-	-	4
-	-	-	138
-	-	-	9,906
<u>3,976</u>	<u>3</u>	<u>4</u>	<u>101,749</u>
1,771	3	4	71,046
-	-	-	513
-	-	-	7
(108)	-	-	3,667
-	-	-	-
10	-	-	31,806
<u>1,673</u>	<u>3</u>	<u>4</u>	<u>107,039</u>
2,303	-	-	(5,290)
-	-	-	-
(229)	-	-	(4,073)
2,074	-	-	(9,363)
2,029	-	-	88,832
<u>\$ 4,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,469</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS -
MULTIFAMILY RENTAL HOUSING PROGRAMS

June 30, 2009

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY DRAW DOWN BONDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,055	\$ 4,394	\$ 71,282	-
Payments to suppliers	(8)	(17)	(182)	-
Payments to employees	-	-	-	-
Internal activity - payments other funds	-	-	-	-
Other receipts (payments)	16,492	886	51,362	-
Net cash provided by (used in) operating activities	<u>21,539</u>	<u>5,263</u>	<u>122,462</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	-	(4,000)	159	\$ (3)
Changes in due to (from) other government entities	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(4,000)</u>	<u>159</u>	<u>(3)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	-	-	-
Payment of bond principal	(16,368)	(635)	(28,416)	-
Early bond redemptions	-	-	(189,065)	-
Interest paid on debt	(5,209)	(4,051)	(61,330)	-
Interfund transfers	-	-	-	-
Decrease (increase) in deferred financing costs	-	-	(11)	-
Net cash provided by (used for) capital and related financing activities	<u>(21,577)</u>	<u>(4,686)</u>	<u>(278,822)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	-	18,791	394,980	-
Purchase of investments	-	(15,892)	(248,856)	-
Interest on investments	4	550	8,091	-
Net cash provided by (used for) investing activities	<u>4</u>	<u>3,449</u>	<u>154,215</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(34)	26	(1,986)	(3)
Cash and cash equivalents at beginning of year	1,643	25	4,142	3
Cash and cash equivalents at end of year	<u>\$ 1,609</u>	<u>\$ 51</u>	<u>\$ 2,156</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	-	559	(8,151)	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	5,040	4,034	60,194	-
Interest on investments	(3)	(302)	(6,157)	-
Changes in fair value of investments	-	-	(591)	-
Accretion of capital appreciation bonds	-	-	-	-
Amortization of bond discount	-	29	-	-
Amortization of deferred losses	-	-	485	-
Amortization of bond issuance costs	-	5	1,512	-
Amortization of bond premium	-	-	-	-
Amortization of deferred revenue	-	-	(4)	-
Depreciation	-	-	-	-
Provision (reversal) for estimated loan losses	-	(15)	3,853	-
Provision for yield reduction payments	-	-	19	-
Provision for nonmortgage investment excess	-	-	(183)	-
Changes in certain assets and liabilities:				
Purchase of program loans	-	-	(67,328)	-
Collection of principal from program loans - net	16,502	1,054	140,746	-
Interest receivable	-	7	57	-
Accounts receivable	-	-	-	-
Due from (to) other funds	-	-	(1,577)	-
Other assets	-	(108)	136	-
Compensated absences	-	-	-	-
Deposits and other liab	-	-	(549)	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 21,539</u>	<u>\$ 5,263</u>	<u>\$ 122,462</u>	<u>\$ -</u>

MULTIFAMILY HOUSING PROGRAM BONDS	MULTIFAMILY VRDLO 2009A	MULTIFAMILY VRDLO 2009B	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 2,723	\$ 3	\$ 4	\$ 83,461
-	-	-	(207)
-	-	-	-
-	-	-	-
(10,553)	(4,621)	(5,962)	47,604
<u>(7,830)</u>	<u>(4,618)</u>	<u>(5,958)</u>	<u>130,858</u>
(229)	-	-	(4,073)
-	-	-	-
<u>(229)</u>	<u>-</u>	<u>-</u>	<u>(4,073)</u>
-	4,620	6,325	10,945
-	-	-	(45,419)
-	-	-	(189,065)
(1,336)	(2)	(3)	(71,931)
-	-	-	-
-	-	-	(11)
<u>(1,336)</u>	<u>4,618</u>	<u>6,322</u>	<u>(295,481)</u>
15,290	-	-	429,061
(6,193)	-	-	(270,941)
320	-	-	8,965
<u>9,417</u>	<u>-</u>	<u>-</u>	<u>167,085</u>
22	-	364	(1,611)
71	-	-	5,884
<u>\$ 93</u>	<u>\$ -</u>	<u>\$ 364</u>	<u>\$ 4,273</u>
2,302	-	-	(5,290)
1,771	3	4	71,046
(225)	-	-	(6,687)
-	-	-	(591)
-	-	-	-
-	-	-	29
-	-	-	485
9	-	-	1,526
-	-	-	-
-	-	-	(4)
-	-	-	-
800	-	-	4,638
-	-	-	19
-	-	-	(183)
(14,611)	(4,621)	(5,962)	(92,522)
3,151	-	-	161,453
(1,027)	-	-	(963)
-	-	-	-
-	-	-	(1,577)
-	-	-	28
-	-	-	-
-	-	-	(549)
-	-	-	-
-	-	-	-
<u>\$ (7,830)</u>	<u>\$ (4,618)</u>	<u>\$ (5,958)</u>	<u>\$ 130,858</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING BALANCE SHEET
OTHER PROGRAMS AND ACCOUNTS
June 30, 2009

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 57,872	\$ 2,027	-	\$ 1
Investments	129,881	463,271	\$ 82,351	69,895
Current portion - program loans receivable	53,216	-	-	-
Interest receivable - Program loans	880	697	-	-
Interest receivable - Investments	815	1,697	152	263
Accounts receivable	21	-	-	69
Due from (to) other funds	(80,146)	(4,101)	25,629	14,606
Other assets	23	-	-	-
Total current assets	<u>162,562</u>	<u>463,591</u>	<u>108,132</u>	<u>84,834</u>
Noncurrent assets:				
Investments	555	-	-	-
Program loans receivable	284,479	189,876	-	-
Due from (to) other funds	-	-	-	-
Deferred financing costs	-	-	-	-
Other assets	118	-	-	-
Total Noncurrent assets	<u>285,152</u>	<u>189,876</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 447,714</u>	<u>\$ 653,467</u>	<u>\$ 108,132</u>	<u>\$ 84,834</u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Bonds payable	-	-	-	-
Interest payable	\$ 198	-	-	-
Due to (from) other government entities	5	\$ 685	\$ 2,483	-
Compensated absences	-	-	-	-
Deposits and other liabilities	5	7,679	80,133	-
Total current liabilities	<u>208</u>	<u>8,364</u>	<u>82,616</u>	<u>-</u>
Noncurrent liabilities:				
Bonds and debenture notes payable	23,135	-	-	-
Due to (from) other government entities	-	-	-	-
Deferred revenue	-	-	-	-
Total noncurrent liabilities	<u>23,135</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>23,343</u>	<u>8,364</u>	<u>82,616</u>	<u>-</u>
Fund equity				
Invested in capital assets	-	-	-	-
Restricted by indenture	-	-	-	-
Restricted by statute	424,371	645,103	25,516	84,834
Total Fund equity	<u>424,371</u>	<u>645,103</u>	<u>25,516</u>	<u>84,834</u>
Total Liabilities and Fund equity	<u>\$ 447,714</u>	<u>\$ 653,467</u>	<u>\$ 108,132</u>	<u>\$ 84,834</u>

LOAN SERVICING	LOAN WAREHOUSING	HOMEOWNERSHIP SECONDARY MARKETING	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$ 31,726	\$ 8,819	\$ 50	\$ 447	\$ 100,942
142,280	122,092	-	48,898	1,058,668
-	19,760	-	-	72,976
-	761	-	-	2,338
537	678	-	198	4,340
6,668	46	-	32	6,836
(6,885)	16,417	(50)	58,006	23,476
-	-	-	68	91
<u>174,326</u>	<u>168,573</u>	<u>-</u>	<u>107,649</u>	<u>1,269,667</u>
-	53,184	-	-	53,739
-	71,891	-	-	546,246
-	-	-	-	-
-	-	-	30	30
-	-	-	806	924
<u>-</u>	<u>125,075</u>	<u>-</u>	<u>836</u>	<u>600,939</u>
<u>\$ 174,326</u>	<u>\$ 293,648</u>	<u>-</u>	<u>\$ 108,485</u>	<u>\$ 1,870,606</u>
-	-	-	-	-
-	\$ 1,296	-	\$ 52,983	54,477
-	250,000	-	4,298	257,471
-	-	-	2,317	2,317
159,781	34,208	-	10,664	292,470
<u>159,781</u>	<u>285,504</u>	<u>-</u>	<u>70,262</u>	<u>606,735</u>
-	-	-	-	23,135
-	-	-	-	-
-	70	-	27,638	27,708
<u>-</u>	<u>70</u>	<u>-</u>	<u>27,638</u>	<u>50,843</u>
<u>159,781</u>	<u>285,574</u>	<u>-</u>	<u>97,900</u>	<u>657,578</u>
-	-	-	806	806
-	-	-	-	-
14,545	8,074	-	9,779	1,212,222
<u>14,545</u>	<u>8,074</u>	<u>-</u>	<u>10,585</u>	<u>1,213,028</u>
<u>\$ 174,326</u>	<u>\$ 293,648</u>	<u>\$ -</u>	<u>\$ 108,485</u>	<u>\$ 1,870,606</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY
OTHER PROGRAMS AND ACCOUNTS
June 30, 2009

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	\$ 20,421	\$ 614	-	-
Interest income - Investments -- net	3,416	8,451	\$ 1,442	\$ 2,220
Increase (decrease) in fair value of investments	70	-	-	-
Loan commitment fees	-	-	-	-
Other loan fees	796	-	-	-
Other revenues	2,618	3,765	-	-
Total Operating revenues	<u>27,321</u>	<u>12,830</u>	<u>1,442</u>	<u>2,220</u>
OPERATING EXPENSES				
Interest	1,475	-	-	-
Amortization of bond discount and bond premium	-	-	-	-
Mortgage servicing fees	24	-	-	-
Provision (reversal) for estimated loan losses	(2,253)	21,187	-	-
Operating expenses	-	-	-	-
Other expenses	53	18,995	84,732	-
Total Operating expenses	<u>(701)</u>	<u>40,182</u>	<u>84,732</u>	<u>-</u>
Operating income (loss) before transfers	28,022	(27,352)	(83,290)	2,220
Transfers (interfund)	-	448,433	-	-
Transfers (intrafund)	(112,122)	-	50,000	-
Increase (decrease) in fund equity	(84,100)	421,081	(33,290)	2,220
Fund equity at beginning of year	508,471	224,022	58,806	82,614
Fund equity at end of year	<u>\$ 424,371</u>	<u>\$ 645,103</u>	<u>\$ 25,516</u>	<u>\$ 84,834</u>

LOAN SERVICING	LOAN WAREHOUSING	HOMEOWNERSHIP SECONDARY MARKETING	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
-	\$ 511	-	-	\$ 21,546
\$ 143	11,360	-	\$ 1,183	28,215
-	576	-	-	646
-	-	-	2,003	2,003
8,267	22	-	4,219	13,304
69,635	-	-	21,013	97,031
78,045	12,469	-	28,418	162,745
-	9,753	-	101,338	112,566
-	-	-	-	-
-	146	-	-	170
-	(81)	-	-	18,853
-	-	-	39,773	39,773
71,841	91	-	32,149	207,861
71,841	9,909	-	173,260	379,223
6,204	2,560	-	(144,842)	(216,478)
-	-	-	-	448,433
499	684	-	102,278	41,339
6,703	3,244	-	(42,564)	273,294
7,842	4,830	-	53,149	939,734
\$ 14,545	\$ 8,074	\$ -	\$ 10,585	\$ 1,213,028

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS -
OTHER PROGRAMS AND ACCOUNTS

June 30, 2009

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 23,857	\$ 219	-	-
Payments to suppliers	(25)	-	-	-
Payments to employees	-	-	-	-
Internal activity - payments other funds	-	-	-	-
Other receipts (payments)	112,239	(61,049)	\$ (12,933)	\$ 4,139
Net cash provided by (used in) operating activities	<u>136,071</u>	<u>(60,830)</u>	<u>(12,933)</u>	<u>4,139</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(112,122)	-	50,000	-
Due to (from) other government entities	-	-	2,483	-
Net cash provided by (used for) noncapital financing activities	<u>(112,122)</u>	<u>-</u>	<u>52,483</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	-	-	-
Payment of bond principal	-	-	-	-
Early bond redemptions	-	-	-	-
Interest paid on debt	(1,475)	-	-	-
Interfund transfers	-	448,433	-	-
(Additions) deductions to deferred financing costs	28	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(1,447)</u>	<u>448,433</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	314,283	461,371	8,570	3,815
Purchase of investments	(290,835)	(854,651)	(49,746)	(10,904)
Interest on investments - net	3,809	7,381	1,626	2,442
Net cash provided by (used for) investing activities	<u>27,257</u>	<u>(385,899)</u>	<u>(39,550)</u>	<u>(4,647)</u>
Net increase (decrease) in cash and cash equivalents	49,759	1,704	-	(508)
Cash and cash equivalents at beginning of year	8,113	324	-	509
Cash and cash equivalents at end of year	<u>\$ 57,872</u>	<u>\$ 2,028</u>	<u>\$ -</u>	<u>\$ 1</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	28,021	(27,352)	(83,290)	2,220
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	1,474	-	-	-
Interest on investments	(3,416)	(8,451)	(1,442)	(2,220)
Changes in fair value of investments	(70)	-	-	-
Accretion of capital appreciation bonds	-	-	-	-
Total Amortization of bond discount	-	-	-	-
Total Amortization of deferred losses	-	-	-	-
Total Amortization of bond issuance costs	-	-	-	-
Amortization of bond premium	-	-	-	-
Amortization of deferred revenue	-	-	-	-
Depreciation	-	-	-	-
Provision (reversal) for estimated loan losses	(2,551)	21,187	-	-
Provision for yield reduction payments	-	-	-	-
Provision for nonmortgage investment excess	-	-	-	-
Changes in certain assets and liabilities:				
Purchase of program loans	(66,081)	(41,754)	-	-
Collection of principal from program loans - net	57,293	3,319	-	-
Interest receivable	3,436	(395)	-	-
Accounts receivable	(7)	-	-	(64)
Due from (to) other funds	117,971	(8,244)	(617)	4,203
Other assets	1	-	-	-
Compensated absences	-	-	-	-
Deposits and other liab	-	860	72,416	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 136,071</u>	<u>\$ (60,830)</u>	<u>\$ (12,933)</u>	<u>\$ 4,139</u>

LOAN SERVICING	LOAN WAREHOUSING	HOMEOWNERSHIP SECONDARY MARKETING	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
-	\$ 965	-	-	\$ 25,041
-	(172)	\$ -	\$ (13,157)	(13,354)
-	-	-	(26,523)	(26,523)
-	-	-	-	-
(8,095)	185,283	50	(15,565)	204,069
<u>(8,095)</u>	<u>186,076</u>	<u>50</u>	<u>(55,245)</u>	<u>189,233</u>
499	684	-	102,278	41,339
-	(100,000)	-	2,382	(95,135)
<u>499</u>	<u>(99,316)</u>	<u>-</u>	<u>104,660</u>	<u>(53,796)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(12,152)	-	(48,355)	(61,982)
-	-	-	-	448,433
-	-	-	-	28
<u>-</u>	<u>(12,152)</u>	<u>-</u>	<u>(48,355)</u>	<u>386,479</u>
63,177	499,536	-	42,457	1,393,209
(54,515)	(618,265)	-	(44,941)	(1,923,857)
738	11,785	-	1,386	29,167
<u>9,400</u>	<u>(106,944)</u>	<u>-</u>	<u>(1,098)</u>	<u>(501,481)</u>
1,804	(32,336)	50	(38)	20,435
29,922	41,155	-	484	80,507
<u>\$ 31,726</u>	<u>\$ 8,819</u>	<u>\$ 50</u>	<u>\$ 446</u>	<u>\$ 100,942</u>
6,204	2,561	-	(144,842)	(216,478)
-	9,753	-	101,339	112,566
(143)	(11,359)	-	(1,183)	(28,214)
-	(576)	-	-	(646)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	12	12
-	-	-	-	-
-	-	-	(2,003)	(2,003)
-	-	-	201	201
-	(754)	-	-	17,882
-	-	-	-	-
-	-	-	-	-
-	206,228	-	-	98,393
-	3,780	-	-	64,392
-	453	-	-	3,494
(4,789)	276	-	(4)	(4,588)
2,011	(18,087)	50	(21,059)	76,228
-	-	-	(115)	(114)
-	-	-	(158)	(158)
(11,378)	(6,220)	-	8,716	64,394
-	-	-	-	-
-	21	-	3,851	3,872
<u>\$ (8,095)</u>	<u>\$ 186,076</u>	<u>\$ 50</u>	<u>\$ (55,245)</u>	<u>\$ 189,233</u>

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APPENDIX B

**CERTAIN AGENCY FINANCIAL INFORMATION
AND OPERATING DATA**

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 1/1/2010

Housing Mortgage Bonds						Single Family		\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **				
HMB 2009A	Non-Amt	5/6/2009	5/6/2009	\$50,000,000.00	\$50,000,000.00			\$50,000,000.00	\$0.00
HMB TOTALS					\$50,000,000.00			\$50,000,000.00	\$0.00
Home Mortgage Revenue Bond						Single Family		\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **				
HMRB 1982A	Non-Amt	10/1/1982	11/9/1982	\$212,000,000.00	\$1,460,000.00			\$1,460,000.00	\$0.00
HMRB 1982B	Non-Amt	12/1/1982	1/18/1983	\$101,775,000.00	\$460,000.00			\$460,000.00	\$0.00
HMRB 1983A	Non-Amt	10/1/1983	11/16/1983	\$226,999,840.00	\$16,091,644.32			\$16,091,644.32	\$0.00
HMRB 1983B	Non-Amt	12/1/1983	12/30/1983	\$84,999,938.00	\$3,269,057.16			\$3,269,057.16	\$0.00
HMRB 1984B	Non-Amt	11/1/1984	12/18/1984	\$121,435,704.00	\$464,889.96			\$464,889.96	\$0.00
HMRB 1985A	Non-Amt	4/1/1985	5/8/1985	\$200,001,466.00	\$806,132.80			\$806,132.80	\$0.00
HMRB 1985B	Non-Amt	7/1/1985	8/29/1985	\$125,002,002.50	\$3,475,000.00			\$3,475,000.00	\$0.00
HMRB 1997O	AMT	4/23/1998	4/23/1998	\$22,085,000.00	\$5,305,000.00			\$5,305,000.00	\$0.00
HMRB 1998F	Non-Amt	5/1/1998	6/11/1998	\$85,415,000.00	\$9,575,000.00			\$9,575,000.00	\$0.00
HMRB 1998J	AMT	7/1/1998	7/30/1998	\$58,200,000.00	\$990,000.00			\$990,000.00	\$0.00
HMRB 1998M	Taxable	7/30/1998	7/30/1998	\$100,000,000.00	\$9,175,000.00			\$0.00	\$9,175,000.00
HMRB 1999F	AMT	6/1/1999	6/24/1999	\$44,000,542.55	\$4,352,986.00			\$4,352,986.00	\$0.00
HMRB 1999G	Taxable	6/1/1999	6/24/1999	\$50,000,000.00	\$6,690,000.00			\$6,690,000.00	\$0.00
HMRB 1999N	AMT	12/9/1999	12/9/1999	\$85,000,240.07	\$17,484,330.35			\$17,484,330.35	\$0.00
HMRB 1999O	Taxable	12/9/1999	12/9/1999	\$85,000,000.00	\$8,830,000.00			\$0.00	\$8,830,000.00
HMRB 2000B	AMT	1/27/2000	1/27/2000	\$34,514,877.75	\$2,325,708.80			\$2,325,708.80	\$0.00
HMRB 2000D	Taxable	1/27/2000	1/27/2000	\$85,000,000.00	\$26,060,000.00			\$0.00	\$26,060,000.00
HMRB 2000H	Taxable	4/6/2000	4/6/2000	\$120,000,000.00	\$26,960,000.00			\$0.00	\$26,960,000.00
HMRB 2000J	AMT	5/25/2000	5/25/2000	\$36,460,000.00	\$21,675,000.00			\$0.00	\$21,675,000.00
HMRB 2000N	AMT	5/25/2000	5/25/2000	\$50,000,000.00	\$28,190,000.00			\$0.00	\$28,190,000.00
HMRB 2000V	Taxable	10/5/2000	10/5/2000	\$102,000,000.00	\$46,350,000.00			\$0.00	\$46,350,000.00
HMRB 2000X2	AMT	12/13/2000	12/13/2000	\$36,445,000.00	\$25,135,000.00			\$0.00	\$25,135,000.00
HMRB 2000Z	Taxable	12/13/2000	12/13/2000	\$102,000,000.00	\$40,915,000.00			\$0.00	\$40,915,000.00
HMRB 2001D	Taxable	1/25/2001	1/25/2001	\$112,000,000.00	\$62,485,000.00			\$0.00	\$62,485,000.00
HMRB 2001G	Taxable	4/5/2001	4/5/2001	\$105,000,000.00	\$51,310,000.00			\$0.00	\$51,310,000.00
HMRB 2001J	AMT	5/31/2001	5/31/2001	\$86,300,000.00	\$44,370,000.00			\$0.00	\$44,370,000.00
HMRB 2001K	Taxable	5/31/2001	5/31/2001	\$144,000,000.00	\$59,895,000.00			\$0.00	\$59,895,000.00
HMRB 2001O	Taxable	7/26/2001	7/26/2001	\$126,000,000.00	\$65,535,000.00			\$0.00	\$65,535,000.00
HMRB 2001S	Taxable	10/10/2001	10/10/2001	\$80,745,000.00	\$44,895,000.00			\$0.00	\$44,895,000.00
HMRB 2001U	AMT	12/6/2001	12/6/2001	\$63,060,000.00	\$51,515,000.00			\$0.00	\$51,515,000.00
HMRB 2001V	Taxable	12/6/2001	12/6/2001	\$66,000,000.00	\$16,345,000.00			\$0.00	\$16,345,000.00
HMRB 2002B	AMT	4/18/2002	4/18/2002	\$49,500,000.00	\$39,960,000.00			\$0.00	\$39,960,000.00
HMRB 2002C	Taxable	2/7/2002	2/7/2002	\$82,500,000.00	\$36,760,000.00			\$0.00	\$36,760,000.00
HMRB 2002D	Taxable	4/18/2002	4/18/2002	\$88,000,000.00	\$33,350,000.00			\$0.00	\$33,350,000.00
HMRB 2002F	AMT	6/6/2002	6/6/2002	\$70,000,000.00	\$41,160,000.00			\$0.00	\$41,160,000.00
HMRB 2002H	Taxable	6/6/2002	6/6/2002	\$70,000,000.00	\$23,935,000.00			\$0.00	\$23,935,000.00
HMRB 2002J	AMT	8/8/2002	8/8/2002	\$103,570,000.00	\$78,820,000.00			\$0.00	\$78,820,000.00
HMRB 2002L	Taxable	8/8/2002	8/8/2002	\$59,500,000.00	\$24,710,000.00			\$0.00	\$24,710,000.00
HMRB 2002M	AMT	10/17/2002	10/17/2002	\$95,680,000.00	\$75,015,000.00			\$0.00	\$75,015,000.00
HMRB 2002O	Taxable	10/17/2002	10/17/2002	\$56,000,000.00	\$23,550,000.00			\$0.00	\$23,550,000.00
HMRB 2002Q	AMT	12/12/2002	12/12/2002	\$41,600,000.00	\$13,620,000.00			\$0.00	\$13,620,000.00
HMRB 2002U	AMT	3/6/2003	3/6/2003	\$101,295,000.00	\$73,390,000.00			\$0.00	\$73,390,000.00

The following table describes the bonds of the Agency issued and outstanding as of 1/1/2010

Home Mortgage Revenue Bond				Single Family			
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
HMRB 2003D	AMT	4/10/2003	4/10/2003	\$116,250,000.00	\$83,230,000.00	\$0.00	\$83,230,000.00
HMRB 2003F	AMT	6/5/2003	6/5/2003	\$139,835,000.00	\$120,660,000.00	\$0.00	\$120,660,000.00
HMRB 2003G	Taxable	6/5/2003	6/5/2003	\$50,000,000.00	\$19,295,000.00	\$0.00	\$19,295,000.00
HMRB 2003H	AMT	8/7/2003	8/7/2003	\$150,000,000.00	\$103,095,000.00	\$0.00	\$103,095,000.00
HMRB 2003I	Taxable	8/7/2003	8/7/2003	\$50,000,000.00	\$34,360,000.00	\$0.00	\$34,360,000.00
HMRB 2003K	AMT	9/11/2003	9/11/2003	\$150,000,000.00	\$108,305,000.00	\$0.00	\$108,305,000.00
HMRB 2003L	Taxable	9/11/2003	9/11/2003	\$50,000,000.00	\$32,420,000.00	\$0.00	\$32,420,000.00
HMRB 2003M	AMT	11/20/2003	11/20/2003	\$150,000,000.00	\$125,290,000.00	\$0.00	\$125,290,000.00
HMRB 2003N	Taxable	11/20/2003	11/20/2003	\$50,000,000.00	\$37,060,000.00	\$0.00	\$37,060,000.00
HMRB 2004A	AMT	2/19/2004	2/19/2004	\$100,000,000.00	\$69,895,000.00	\$0.00	\$69,895,000.00
HMRB 2004B	Taxable	2/19/2004	2/19/2004	\$35,000,000.00	\$4,235,000.00	\$0.00	\$4,235,000.00
HMRB 2004E	AMT	5/20/2004	5/20/2004	\$129,105,000.00	\$120,225,000.00	\$0.00	\$120,225,000.00
HMRB 2004F	Taxable	5/20/2004	5/20/2004	\$50,000,000.00	\$46,690,000.00	\$0.00	\$46,690,000.00
HMRB 2004G	AMT	6/3/2004	6/3/2004	\$100,000,000.00	\$80,710,000.00	\$0.00	\$80,710,000.00
HMRB 2004H	Taxable	6/3/2004	6/3/2004	\$35,000,000.00	\$6,935,000.00	\$0.00	\$6,935,000.00
HMRB 2004I	AMT	7/15/2004	7/15/2004	\$30,000,000.00	\$24,485,000.00	\$0.00	\$24,485,000.00
HMRB 2005A	AMT	1/20/2005	1/20/2005	\$200,000,000.00	\$146,695,000.00	\$0.00	\$146,695,000.00
HMRB 2005B	AMT	3/30/2005	3/30/2005	\$200,000,000.00	\$146,220,000.00	\$0.00	\$146,220,000.00
HMRB 2005C	Non-Amt	5/19/2005	5/19/2005	\$44,000,000.00	\$22,645,000.00	\$22,645,000.00	\$0.00
HMRB 2005D	AMT	5/19/2005	5/19/2005	\$176,000,000.00	\$168,965,000.00	\$0.00	\$168,965,000.00
HMRB 2005E	Non-Amt	7/28/2005	7/28/2005	\$20,000,000.00	\$6,370,000.00	\$6,370,000.00	\$0.00
HMRB 2005F	AMT	7/28/2005	7/28/2005	\$180,000,000.00	\$173,720,000.00	\$0.00	\$173,720,000.00
HMRB 2005G	AMT	12/15/2005	12/15/2005	\$35,000,000.00	\$28,040,000.00	\$0.00	\$28,040,000.00
HMRB 2005H	AMT	12/15/2005	12/15/2005	\$165,000,000.00	\$152,930,000.00	\$0.00	\$152,930,000.00
HMRB 2006A	AMT	2/2/2006	2/2/2006	\$35,000,000.00	\$32,510,000.00	\$0.00	\$32,510,000.00
HMRB 2006B	Non-Amt	4/19/2006	4/19/2006	\$25,000,000.00	\$17,645,000.00	\$17,645,000.00	\$0.00
HMRB 2006C	AMT	4/19/2006	4/19/2006	\$175,000,000.00	\$168,565,000.00	\$0.00	\$168,565,000.00
HMRB 2006D	Non-Amt	7/27/2006	7/27/2006	\$20,000,000.00	\$20,000,000.00	\$20,000,000.00	\$0.00
HMRB 2006E	AMT	7/27/2006	7/27/2006	\$100,000,000.00	\$90,045,000.00	\$90,045,000.00	\$0.00
HMRB 2006F	AMT	7/27/2006	7/27/2006	\$120,000,000.00	\$103,130,000.00	\$0.00	\$103,130,000.00
HMRB 2006G	Non-Amt	9/28/2006	9/28/2006	\$29,490,000.00	\$29,490,000.00	\$29,490,000.00	\$0.00
HMRB 2006H	AMT	9/28/2006	9/28/2006	\$75,200,000.00	\$52,300,000.00	\$52,300,000.00	\$0.00
HMRB 2006I	AMT	9/28/2006	9/28/2006	\$165,310,000.00	\$165,310,000.00	\$165,310,000.00	\$0.00
HMRB 2006J	AMT	10/19/2006	10/19/2006	\$32,790,000.00	\$26,570,000.00	\$26,570,000.00	\$0.00
HMRB 2006K	AMT	10/19/2006	10/19/2006	\$267,210,000.00	\$250,485,000.00	\$250,485,000.00	\$0.00
HMRB 2006L	AMT	1/25/2007	1/25/2007	\$50,185,000.00	\$43,455,000.00	\$43,455,000.00	\$0.00
HMRB 2006M	AMT	1/25/2007	1/25/2007	\$219,815,000.00	\$212,900,000.00	\$212,900,000.00	\$0.00
HMRB 2007A	Taxable	4/26/2007	4/26/2007	\$90,000,000.00	\$90,000,000.00	\$90,000,000.00	\$0.00
HMRB 2007B	Taxable	5/30/2007	5/30/2007	\$40,000,000.00	\$40,000,000.00	\$0.00	\$40,000,000.00
HMRB 2007C	Taxable	6/28/2007	6/28/2007	\$20,000,000.00	\$20,000,000.00	\$0.00	\$20,000,000.00
HMRB 2007D	AMT	5/16/2007	5/16/2007	\$76,010,000.00	\$68,425,000.00	\$68,425,000.00	\$0.00
HMRB 2007E	AMT	5/16/2007	5/16/2007	\$193,990,000.00	\$189,130,000.00	\$189,130,000.00	\$0.00
HMRB 2007F	AMT	8/8/2007	8/8/2007	\$48,260,000.00	\$43,000,000.00	\$43,000,000.00	\$0.00
HMRB 2007G	AMT	8/8/2007	8/8/2007	\$201,740,000.00	\$192,485,000.00	\$192,485,000.00	\$0.00
HMRB 2007H	AMT	8/8/2007	8/8/2007	\$100,000,000.00	\$100,000,000.00	\$0.00	\$100,000,000.00
HMRB 2007I	AMT	11/7/2007	11/7/2007	\$17,280,000.00	\$16,060,000.00	\$16,060,000.00	\$0.00
HMRB 2007J	AMT	11/7/2007	11/7/2007	\$92,720,000.00	\$91,560,000.00	\$91,560,000.00	\$0.00
HMRB 2007K	AMT	11/7/2007	11/7/2007	\$50,000,000.00	\$50,000,000.00	\$0.00	\$50,000,000.00
HMRB 2007L	Taxable	9/25/2007	9/25/2007	\$50,000,000.00	\$49,190,000.00	\$49,190,000.00	\$0.00

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 1/1/2010

Home Mortgage Revenue Bond Single Family						\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **		
HMRB 2007M	Taxable	10/30/2007	10/30/2007	\$90,000,000.00	\$87,905,000.00	\$87,905,000.00	\$0.00
HMRB 2007N	Taxable	11/29/2007	11/29/2007	\$60,000,000.00	\$60,000,000.00	\$0.00	\$60,000,000.00
HMRB 2008A	AMT	1/30/2008	1/30/2008	\$43,475,000.00	\$41,525,000.00	\$41,525,000.00	\$0.00
HMRB 2008B	AMT	1/30/2008	1/30/2008	\$35,960,000.00	\$35,960,000.00	\$35,960,000.00	\$0.00
HMRB 2008C	AMT	1/30/2008	1/30/2008	\$70,565,000.00	\$70,565,000.00	\$0.00	\$70,565,000.00
HMRB 2008D	AMT	4/9/2008	4/9/2008	\$100,000,000.00	\$95,230,000.00	\$0.00	\$95,230,000.00
HMRB 2008E	AMT	4/9/2008	4/9/2008	\$65,455,000.00	\$61,785,000.00	\$0.00	\$61,785,000.00
HMRB 2008F	AMT	4/9/2008	4/9/2008	\$25,000,000.00	\$25,000,000.00	\$0.00	\$25,000,000.00
HMRB 2008G	Taxable	5/14/2008	5/14/2008	\$50,000,000.00	\$50,000,000.00	\$50,000,000.00	\$0.00
HMRB 2008H	Taxable	5/14/2008	5/14/2008	\$100,000,000.00	\$97,110,000.00	\$97,110,000.00	\$0.00
HMRB 2008I	Taxable	5/14/2008	5/14/2008	\$150,000,000.00	\$148,770,000.00	\$0.00	\$148,770,000.00
HMRB 2008J	AMT	5/15/2008	5/15/2008	\$79,525,000.00	\$75,545,000.00	\$75,545,000.00	\$0.00
HMRB 2008K	AMT	5/15/2008	5/15/2008	\$220,475,000.00	\$220,475,000.00	\$220,475,000.00	\$0.00
HMRB 2008L	Non-Amt	8/28/2008	8/28/2008	\$189,790,000.00	\$188,405,000.00	\$188,405,000.00	\$0.00
HMRB 2008M	AMT	8/28/2008	8/28/2008	\$60,210,000.00	\$60,210,000.00	\$60,210,000.00	\$0.00
HMRB TOTALS					\$6,509,874,749.39	\$2,606,949,749.00	\$3,902,925,000.00
Single-Family Mortgage Bonds II Single Family						\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **		
SFMBII 1997A-1	AMT	3/1/1997	4/3/1997	\$112,000,000.00	\$3,615,000.00	\$3,615,000.00	\$0.00
SFMBII 1997B-1	AMT	10/16/1997	10/16/1997	\$25,000,000.00	\$2,805,000.00	\$2,805,000.00	\$0.00
SFMBII 1997B-3	AMT	3/31/1998	3/31/1998	\$36,540,000.00	\$6,575,000.00	\$6,575,000.00	\$0.00
SFMBII 1997C-1	Non-Amt	9/1/1997	10/16/1997	\$15,000,000.00	\$475,000.00	\$475,000.00	\$0.00
SFMBII 1997C-2	AMT	9/1/1997	10/16/1997	\$41,785,000.00	\$650,000.00	\$650,000.00	\$0.00
SFMBII 1998A	AMT	3/1/1998	3/31/1998	\$15,220,000.00	\$1,120,000.00	\$1,120,000.00	\$0.00
SFMBII 1999A-2	AMT	1/1/1999	1/28/1999	\$43,380,000.00	\$5,940,000.00	\$5,940,000.00	\$0.00
SFMBII 1999A-3	Taxable	1/1/1999	1/28/1999	\$50,000,000.00	\$20,000.00	\$20,000.00	\$0.00
SFMBII 1999D-2	AMT	7/1/1999	7/29/1999	\$40,488,074.20	\$555,000.00	\$555,000.00	\$0.00
SFMBII 1999D-3	Taxable	7/1/1999	7/29/1999	\$50,000,000.00	\$1,750,000.00	\$1,750,000.00	\$0.00
SFMBII TOTALS					\$23,505,000.00	\$23,505,000.00	\$0.00
Multifamily Housing Revenue Bonds II Multifamily						\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **		
MHRBII 1995A	Non-Amt	10/1/1995	11/14/1995	\$11,195,000.00	\$2,765,000.00	\$2,765,000.00	\$0.00
MHRBII 1995C	Taxable	10/1/1995	11/14/1995	\$25,355,000.00	\$19,660,000.00	\$19,660,000.00	\$0.00
MHRBII 1996A	Non-Amt	10/1/1996	10/24/1996	\$16,920,000.00	\$16,920,000.00	\$16,920,000.00	\$0.00
MHRBII 1996B	AMT	10/1/1996	10/24/1996	\$37,200,000.00	\$19,930,000.00	\$19,930,000.00	\$0.00
MHRBII TOTALS					\$59,275,000.00	\$59,275,000.00	\$0.00

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 1/1/2010

Multifamily Housing Revenue Bonds III							
Multifamily							
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
MHRBIII 1997A	AMT	3/1/1997	3/26/1997	\$70,660,000.00	\$60,040,000.00	\$60,040,000.00	\$0.00
MHRBIII 1998A	AMT	4/1/1998	4/23/1998	\$42,435,000.00	\$28,445,000.00	\$28,445,000.00	\$0.00
MHRBIII 1998B	AMT	4/1/1998	5/7/1998	\$98,750,000.00	\$70,260,000.00	\$70,260,000.00	\$0.00
MHRBIII 1998C	Non-Amt	4/1/1998	5/7/1998	\$17,615,000.00	\$9,230,000.00	\$9,230,000.00	\$0.00
MHRBIII 1999A	AMT	5/1/1999	5/20/1999	\$44,535,000.00	\$32,155,000.00	\$32,155,000.00	\$0.00
MHRBIII 2000A	AMT	7/12/2000	7/12/2000	\$91,000,000.00	\$78,480,000.00	\$0.00	\$78,480,000.00
MHRBIII 2000B	Non-Amt	7/12/2000	7/12/2000	\$9,200,000.00	\$6,340,000.00	\$0.00	\$6,340,000.00
MHRBIII 2000C	AMT	11/16/2000	11/16/2000	\$63,300,000.00	\$50,400,000.00	\$0.00	\$50,400,000.00
MHRBIII 2000D	Non-Amt	11/16/2000	11/16/2000	\$19,520,000.00	\$14,625,000.00	\$0.00	\$14,625,000.00
MHRBIII 2001C	Taxable	2/22/2001	2/22/2001	\$23,590,000.00	\$12,960,000.00	\$0.00	\$12,960,000.00
MHRBIII 2001D	Non-Amt	6/28/2001	6/28/2001	\$6,070,000.00	\$3,950,000.00	\$0.00	\$3,950,000.00
MHRBIII 2001E	AMT	6/28/2001	6/28/2001	\$78,735,000.00	\$48,360,000.00	\$0.00	\$48,360,000.00
MHRBIII 2001F	Non-Amt	11/15/2001	11/15/2001	\$19,040,000.00	\$15,105,000.00	\$0.00	\$15,105,000.00
MHRBIII 2001G	AMT	11/15/2001	11/15/2001	\$73,975,000.00	\$52,775,000.00	\$0.00	\$52,775,000.00
MHRBIII 2001H	Taxable	11/15/2001	11/15/2001	\$15,595,000.00	\$14,715,000.00	\$0.00	\$14,715,000.00
MHRBIII 2002A	AMT	6/5/2002	6/5/2002	\$48,350,000.00	\$24,435,000.00	\$0.00	\$24,435,000.00
MHRBIII 2002B	Non-Amt	9/10/2002	9/10/2002	\$33,520,000.00	\$25,080,000.00	\$0.00	\$25,080,000.00
MHRBIII 2002C	AMT	9/10/2002	9/10/2002	\$38,255,000.00	\$29,920,000.00	\$0.00	\$29,920,000.00
MHRBIII 2002D	Non-Amt	12/18/2002	12/18/2002	\$12,760,000.00	\$11,645,000.00	\$0.00	\$11,645,000.00
MHRBIII 2002E	AMT	12/18/2002	12/18/2002	\$71,305,000.00	\$55,025,000.00	\$0.00	\$55,025,000.00
MHRBIII 2003C	AMT	12/10/2003	12/10/2003	\$97,295,000.00	\$45,835,000.00	\$0.00	\$45,835,000.00
MHRBIII 2004A	Non-Amt	6/24/2004	6/24/2004	\$23,500,000.00	\$20,420,000.00	\$0.00	\$20,420,000.00
MHRBIII 2004B	AMT	6/24/2004	6/24/2004	\$99,510,000.00	\$42,325,000.00	\$0.00	\$42,325,000.00
MHRBIII 2004C	Non-Amt	11/17/2004	11/17/2004	\$13,940,000.00	\$12,460,000.00	\$0.00	\$12,460,000.00
MHRBIII 2004D	AMT	11/17/2004	11/17/2004	\$138,475,000.00	\$50,300,000.00	\$0.00	\$50,300,000.00
MHRBIII 2005A	Non-Amt	6/15/2005	6/15/2005	\$2,480,000.00	\$2,320,000.00	\$0.00	\$2,320,000.00
MHRBIII 2005B	AMT	6/15/2005	6/15/2005	\$91,925,000.00	\$31,620,000.00	\$0.00	\$31,620,000.00
MHRBIII 2005C	Non-Amt	11/3/2005	11/3/2005	\$9,025,000.00	\$8,545,000.00	\$8,545,000.00	\$0.00
MHRBIII 2005D	AMT	11/3/2005	11/3/2005	\$91,225,000.00	\$31,460,000.00	\$0.00	\$31,460,000.00
MHRBIII 2005E	AMT	11/3/2005	11/3/2005	\$22,935,000.00	\$21,585,000.00	\$21,585,000.00	\$0.00
MHRBIII 2006A	AMT	6/15/2006	6/15/2006	\$76,915,000.00	\$21,295,000.00	\$0.00	\$21,295,000.00
MHRBIII 2007A	AMT	3/21/2007	3/21/2007	\$12,165,000.00	\$6,015,000.00	\$6,015,000.00	\$0.00
MHRBIII 2007B	AMT	7/12/2007	7/12/2007	\$16,630,000.00	\$13,585,000.00	\$0.00	\$13,585,000.00
MHRBIII 2007C	AMT	10/18/2007	10/18/2007	\$27,970,000.00	\$21,315,000.00	\$0.00	\$21,315,000.00
MHRBIII 2008A	Non-Amt	4/24/2008	4/24/2008	\$11,370,000.00	\$9,150,000.00	\$0.00	\$9,150,000.00
MHRBIII 2008B	AMT	4/24/2008	4/24/2008	\$104,890,000.00	\$84,190,000.00	\$0.00	\$84,190,000.00
MHRBIII 2008C	AMT	4/24/2008	4/24/2008	\$33,390,000.00	\$32,455,000.00	\$0.00	\$32,455,000.00
MHRBIII TOTALS					\$1,098,820,000.00	\$236,275,000.00	\$862,545,000.00
Multifamily Loan Purchase Bonds							
Multifamily							
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
MLPB 2000A	Taxable	7/26/2000	7/26/2000	\$269,023,710.88	\$51,856,745.47	\$0.00	\$51,856,745.47
MLPB TOTALS					\$51,856,745.47	\$0.00	\$51,856,745.00

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 1/1/2010

Variable Rate Demand Limited Obligation Multifamily Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project) 2009 Issue A							
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
VRDLOMHRB 2009A	Non-Amt	4/17/2009	4/17/2009	\$4,620,000.00	\$4,620,000.00	\$0.00	\$4,620,000.00
VRDLOMHRB 2009A TOTALS					\$4,620,000.00	\$0.00	\$4,620,000.00
Variable Rate Demand Limited Obligation Multifamily Multifamily Housing Revenue Bonds (Montecito Village Apartments Project) 2009 Issue B							
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
VRDLOMHRB 2009B	Non-Amt	4/17/2009	4/17/2009	\$6,325,000.00	\$6,325,000.00	\$0.00	\$6,325,000.00
VRDLOMHRB 2009B TOTALS					\$6,325,000.00	\$0.00	\$6,325,000.00
Housing Program Bonds							
Both Single And Multi Family							
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
HPB 2004A	AMT	11/4/2004	11/4/2004	\$50,000,000.00	\$28,000,000.00	\$0.00	\$28,000,000.00
HPB 2006A	AMT	5/2/2006	5/2/2006	\$47,090,000.00	\$47,090,000.00	\$47,090,000.00	\$0.00
HPB 2006B	Taxable	5/2/2006	5/2/2006	\$61,110,000.00	\$60,335,000.00	\$0.00	\$60,335,000.00
HPB TOTALS					\$135,425,000.00	\$47,090,000.00	\$88,335,000.00
REPORT TOTALS					\$7,939,701,494.86	\$3,023,094,749.00	\$4,916,606,745.00

* Certain series of bonds include non-current interest bonds, tender option bonds and certain other bonds which are dated the date of delivery of such series of bonds.

** Includes increase in accreted value of non-current interest bonds and discounted bonds.

*** Does not include those bonds that were issued but have been fully redeemed.

Status of Mortgage Loan Portfolio

The following tables summarize certain information with respect to the Single Family Mortgage Loans initially financed with Prior Series of Bonds.

California Housing Finance Agency
Housing Program Bonds
As of September 2009

<u>Series</u>	<u>Mortgage Rates</u>	<u>Outstanding Principal Amount of Mortgage Loan as of September 2009</u>	<u>Weighted Average Maturity (in months)</u>
2004 A	5.00%	\$ 19,308,907	300
	6.75%	10,716,638	340
	7.00%	4,264,309	317
		<u>\$ 34,289,854</u>	
2006 A	5.00%	\$ 11,283,043	306
	6.75%	16,086,795	314
	7.00%	14,685,233	315
		<u>\$ 42,055,071</u>	
2006 B	3.00%	\$ 3,116	294
	5.00%	4,507,812	296
		<u>\$ 4,510,928</u>	

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY
OR EXPECTED TO BE FINANCED BY THE PRIOR SERIES BONDS**

COMPLETED DEVELOPMENTS

The following table summarizes certain information with respect to the Multifamily Mortgage Loans initially financed with Prior Series of Bonds.

Name of Development	Location (City)	Location (County)	Total Development Cost	Original Tax- Exempt Loan Amount	Number of Units	Outstanding Tax- Exempt Loan Balance as of September 30, 2009	Existing Tax- Exempt Loan Interest Rate	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	Replacement Reserve Balance September 30, 2009
Developments Financed by the HPB 2006 Series B Bonds:										
450 ELLIS STREET APTS	SAN FRANCISCO	SAN FRANCISCO	\$ 1,588,600	\$ 370,000	29	\$ 220,073	8.00%	30 Years	June, 2019	\$5,245
ALMOND GARDENS	DELHI	MERCED	1,971,846	400,000	31	276,138	7.33%	15 Years	September, 2022	17,488
BAYLESS GARDEN APARTMENTS	RED BLUFF	TEHAMA	2,036,775	500,000	46	347,402	7.65%	15 Years	August, 2022	55,694
BAYVIEW LANDING SENIOR APTS	NEWPORT BEACH	ORANGE	17,769,425	1,115,000	120	1,081,847	7.00%	30 Years	December, 2036	-
CABERNET APARTMENTS	SONOMA	SONOMA	409,051	270,000	7	106,755	3.00%	30 Years	August, 2018	47,667
CHELSEA GARDENS	SANTA ROSA	SONOMA	7,286,573	790,000	120	628,723	5.50%	30 Years	January, 2030	-
CHELSEY COURT APTS	LOS ANGELES	LOS ANGELES	1,931,655	821,000	24	493,948	9.75%	30 Years	May, 2018	81,152
CHINESE COMMUNITY CHURCH	SAN FRANCISCO	SAN FRANCISCO	-	150,000	20	150,000	3.00%	30 Years	May, 2014	-
COMMUNITY OF ALL NATIONS	STOCKTON	SAN JOAQUIN	2,660,000	1,862,000	76	1,862,000	5.80%	2 Years	February, 2010	354,319
COPPER CREEK 9%	SAN MARCOS	SAN DIEGO	7,962,825	435,000	48	355,389	6.25%	15 Years	September, 2020	62,680
CORONADO PLACE ASSOCIATES	LOS ANGELES	LOS ANGELES	3,743,424	832,900	41	477,300	7.85%	15 Years	December, 2023	200,137
CORONADO TERRACE	SAN DIEGO	SAN DIEGO	30,330,825	1,550,000	312	1,420,949	7.00%	30 Years	January, 2033	-
CORPORATION FOR SUPPORTIVE HOUSING	Unknown	Unknown	-	10,000,000	1	5,000,000	2.70%	5 Years	October, 2012	-
CRESCENT TERRACE	SUNNYVALE	SANTA CLARA	3,496,445	172,837	48	142,911	6.00%	30 Years	July, 2035	-
DENNY PLACE	NORTH HOLLYWOOD	LOS ANGELES	1,192,299	421,666	17	343,779	8.50%	30 Years	February, 2026	60,421
DIXON MANOR	DIXON	SOLANO	1,590,625	1,206,000	32	917,403	7.30%	29 Years	January, 2031	53,542
EDGEWATER ISLE	SAN MATEO	SAN MATEO	7,783,572	4,780,000	92	3,899,831	6.45%	30 Years	April, 2028	226,376
ELMER GARDENS	NORTH HOLLYWOOD	LOS ANGELES	1,081,711	487,600	20	375,729	8.50%	28 Years	January, 2026	39,327
EMERSON ARMS	MARTINEZ	CONTRA COSTA	4,026,349	185,000	32	103,309	5.25%	9 Years	February, 2014	-
FARLEY PLACE	BELVEDERE	MARIN	1,250,772	150,000	11	146,793	3.00%	30 Years	October, 2019	-
FITCH MOUNTAIN TERRACE II	HEALDSBURG	SONOMA	591,177	470,000	20	442,519	6.60%	20 Years	June, 2027	69,029
FITCH MOUNTAIN TERRACE II	HEALDSBURG	SONOMA	591,177	90,000	20	70,788	4.50%	9 Years	June, 2016	-
GOLDEN WEST HOTEL	LOS ANGELES	LOS ANGELES	1,412,901	161,000	62	161,000	3.00%	30 Years	July, 2018	-
GRAVENSTEIN	SEBASTOPOL	SONOMA	1,951,890	210,000	42	199,002	3.00%	32 Years	July, 2018	-
GRAVENSTEIN NORTH	SEBASTOPOL	SONOMA	1,951,890	85,975	42	5,791	5.00%	9 Years	September, 2010	-
GRAVENSTEIN NORTH	SEBASTOPOL	SONOMA	1,951,890	518,000	42	518,000	3.00%	13 Years	September, 2018	-
GRIFFITH APARTMENTS	LOS ANGELES	LOS ANGELES	148,453	710,000	22	435,322	10.15%	30 Years	May, 2018	75,731
GROVE STREET PROJECT	SAN FRANCISCO	SAN FRANCISCO	590,181	85,000	2	59,720	6.71%	30 Years	October, 2023	-
HEMET ESTATES	HEMET	RIVERSIDE	6,497,575	300,000	80	295,521	7.20%	30 Years	April, 2038	-
HFL VANOWEN	VAN NUYS	LOS ANGELES	1,339,641	1,339,640	25	1,339,640	3.00%	2 Years	January, 2010	-
HILLVIEW GLEN	SAN JOSE	SANTA CLARA	19,572,525	12,000,000	138	11,711,756	6.75%	30 Years	July, 2037	216,915
LAS BRISAS	CUDAHY	LOS ANGELES	3,531,432	559,200	100	196,906	6.50%	8 Years	February, 2012	-
LAS BRISAS ASSOCIATES, LP	MADERA	MADERA	4,113,813	126,500	81	39,767	3.00%	15 Years	July, 2012	-
LIGHT TREE-PRESERVATION	E. PALO ALTO	SAN MATEO	11,366,884	500,000	94	500,000	5.50%	13 Years	June, 2013	-
MERCY VILLAGE FOLSOM	FOLSOM	SACRAMENTO	6,259,251	1,000,000	81	1,000,000	3.00%	22 Years	January, 2030	-
MORSE COURT	SUNNYVALE	SANTA CLARA	2,837,771	1,178,172	35	1,107,944	5.40%	30 Years	September, 2035	-
NORTHBRIDGE PARK	SALINAS	MONTEREY	6,907,777	4,150,000	104	3,350,583	8.50%	30 Years	September, 2025	249,528
OAK MANOR TOWNHOUSES	PALO ALTO	SANTA CLARA	4,700,000	106,930	33	81,906	6.50%	30 Years	October, 2023	-
OCEANVIEW APARTMENTS	PACIFICA	SAN MATEO	12,050,731	300,000	100	300,000	4.00%	4 Years	August, 2011	-
OLIVE COURT	DAVIS	YOLO	1,366,279	150,000	24	71,343	3.00%	30 Years	January, 2028	-
PARKE LOS ROBLES	PASADENA	LOS ANGELES	2,923,879	189,583	12	19,445	4.25%	15 Years	October, 2015	-
PARKVIEW ESTATES	SACRAMENTO	SACRAMENTO	4,154,395	75,000	97	3,750	7.00%	11 Years	February, 1994	-
PLAYA DEL ALAMEDA	ALAMEDA	ALAMEDA	5,452,486	94,999	40	82,198	6.20%	30 Years	November, 2030	-
PLAYA DEL ALAMEDA	ALAMEDA	ALAMEDA	5,452,486	500,000	40	440,103	7.00%	30 Years	November, 2030	-
PLAZA DEL SOL APARTMENTS	SIMI VALLEY	VENTURA	15,269,047	127,000	70	124,451	6.80%	40 Years	January, 2046	-
PLAZA TOWER	CONCORD	CONTRA COSTA	10,051,996	2,413,812	96	1,410,202	8.50%	30 Years	July, 2017	223,947
REDWOOD COURT	REDWOOD CITY	SAN MATEO	4,454,015	736,478	27	692,579	5.40%	30 Years	September, 2035	-
ROSA PARKS TOWNHOUSES	DAVIS	YOLO	725,000	130,000	10	86,149	8.26%	30 Years	January, 2021	5,040

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY
OR EXPECTED TO BE FINANCED BY THE PRIOR SERIES BONDS**

COMPLETED DEVELOPMENTS

Name of Development	Location (City)	Location (County)	Total Development Cost	Original Tax- Exempt Loan Amount	Number of Units	Outstanding Tax- Exempt Loan Balance as of September 30, 2009	Existing Tax- Exempt Loan Interest Rate	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	Replacement Reserve Balance September 30, 2009
SAN ANTONIO TERRACE	OAKLAND	ALAMEDA	2,584,049	132,250	23	132,250	3.00%	32 Years	February, 2023	-
SAN PASCUAL APARTMENTS	SANTA BARBARA	SANTA BARBARA	508,771	153,585	6	114,529	6.00%	30 Years	December, 2025	-
SEACLIFF HIGHLANDS	APTOS	SANTA CRUZ	11,789,952	200,000	40	200,000	3.00%	30 Years	February, 2037	-
SOJOURNER TRUTH GARDENS	DAVIS	YOLO	781,267	318,000	14	191,270	8.00%	30 Years	August, 2019	28,466
TWIN PINES APARTMENTS	GROVELAND	TUOLUMNE	2,269,143	703,884	39	703,884	0.00%	26 Years	May, 2023	28,195
VILLA LOS ROBLES	PASADENA	LOS ANGELES	931,943	188,000	8	184,502	3.00%	30 Years	July, 2032	3,728
VILLA MONTGOMERY	REDWOOD CITY	SAN MATEO	5,000,483	405,000	58	405,000	3.00%	30 Years	November, 2037	-
VILLA SPRINGS APTS	HAYWARD	ALAMEDA	5,886,484	670,000	66	670,000	3.00%	31 Years	October, 2039	-
WARWICK SQUARE APARTMENTS	SANTA ANA	ORANGE	27,149,590	532,258	500	144,363	6.00%	30 Years	March, 2012	-
WEST AVENUE	SANTA ROSA	SONOMA	2,051,112	156,932	40	156,932	3.00%	19 Years	June, 2016	-
WILLOWOOD II	NORTH HOLLYWOOD	LOS ANGELES	1,267,370	486,049	19	396,271	8.50%	30 Years	February, 2026	93,783
WINSTON NORMANDIE	LOS ANGELES	LOS ANGELES	314,428	98,300	5	38,079	8.00%	30 Years	August, 2014	\$ 5,306
WINTERS APARTMENTS	WINTERS	YOLO	3,303,353	250,000	44	214,790	3.00%	28 Years	January, 2032	-
WOODBURY SR CITIZEN APTS	PASADENA	LOS ANGELES	850,639	460,000	12	391,932	6.00%	30 Years	June, 2035	66,401
WOODHAVEN SR RESIDENCES	SACRAMENTO	SACRAMENTO	2,549,473	1,800,000	104	624,370	4.00%	24 Years	April, 2020	33,188
YOSEMITE MANOR	MADERA	MADERA	3,405,000	185,000	76	175,437	7.25%	15 Years	June, 2023	-
YOSEMITE MANOR	MADERA	MADERA	8,017,995	175,000	0	-	7.25%	2 Years	October, 2009	-
			<u>\$ 314,990,366</u>	<u>\$ 61,720,549</u>	<u>3720</u>	<u>\$ 47,840,274</u>				

Liquidity Facilities

Housing Program Bond Indenture
Liquidity Provider
As of January 1, 2010

<u>Provider</u>	<u>Amount of Liquidity Provided as of January 1, 2010 +</u>	
LBBW	\$	60,335,000

+ Does not include interest component.

